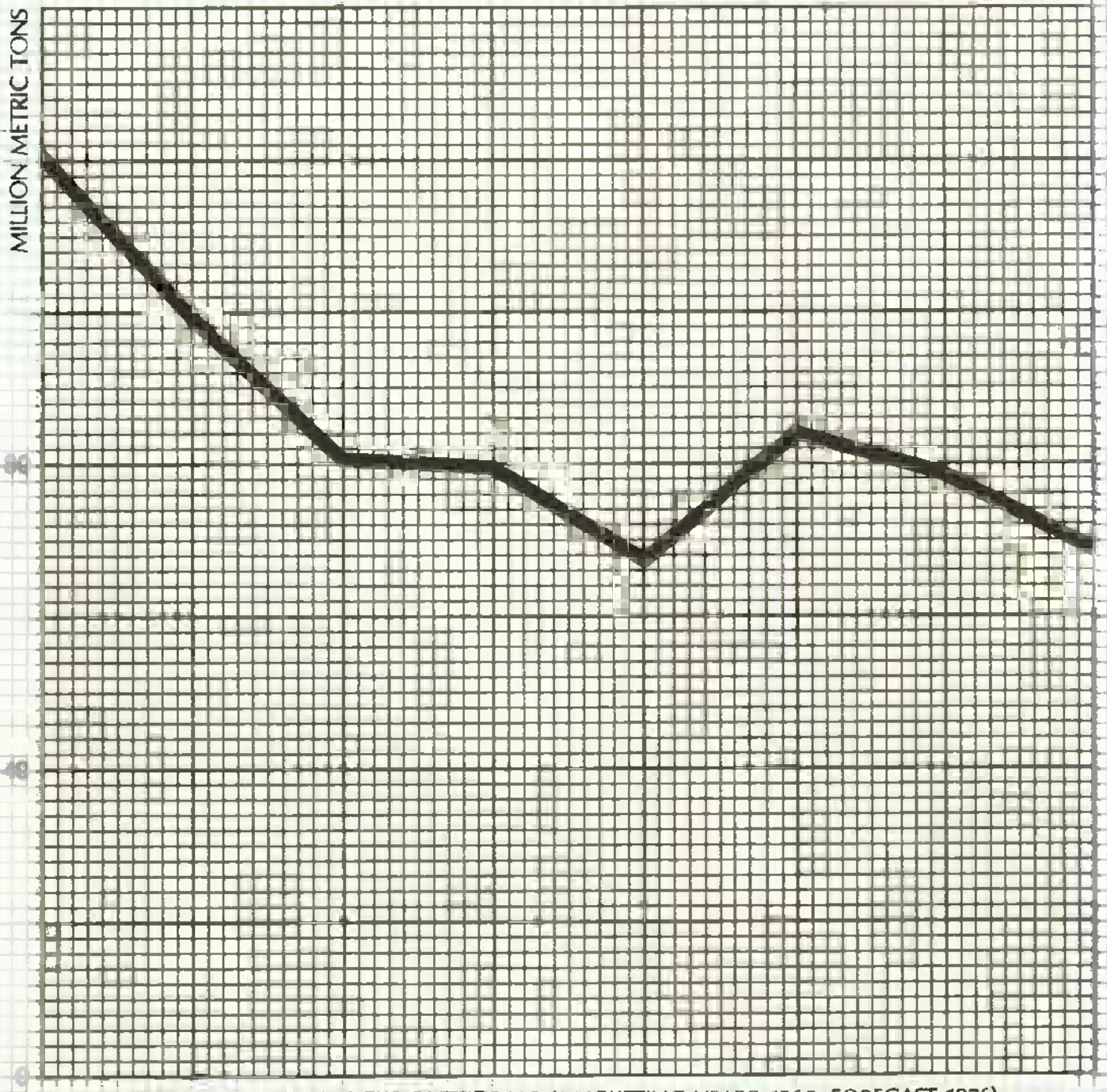


# AGRICULTURAL OUTLOOK

UNITED STATES DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • SEPTEMBER 1975 • AO-41



WORLD GRAIN STOCKS OUTSIDE U.S. (MARKETING YEARS 1969-FORECAST 1976)

# AGRICULTURAL OUTLOOK

AO-4  
SEPTEMBER 1975

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# AGRICULTURAL OUTLOOK

U.S. agriculture continues to play a key role in the recovery of the economy. Agricultural exports remain a major factor in the favorable trade balance. Coupled with record large crops, exports provide a significant impetus to the general economic recovery. At the same time, pressures on agricultural supplies—coupled with rising energy costs, higher interest rates, and high unemployment—could jeopardize economic recovery.

This environment, conditioned by the memories of 1972/73, has generated significant pressure to protect domestic consumers and to fully utilize our competitive advantage in the world to stabilize markets in the future. A moratorium on exports to the USSR remains in effect until mid-October when more information on U.S. crop production becomes available. Additionally, we are continuing to negotiate for a long-term grain sales agreement with the USSR which may help moderate the erratic buying patterns which have been such a destabilizing influence in world markets in recent years.

Thus, the key ingredients in the current outlook for agriculture are the uncertainties surrounding the eventual size of U.S. crops and the level of exports and the impact of resultant expectations on livestock production decisions which will materialize in 1976. Despite some deterioration in crop prospects this summer, we were still headed for record or near-record grain crops as of September 1. At the same time, export demand continues strong as it is apparent that the USSR must turn to the United States for additional grain if the Soviets are to maintain their livestock industry.

However, of crucial concern at this point are the decisions that the U.S. livestock industry must make this fall within this set of conditions. Based primarily upon expectations of costs and returns, these decisions will determine the production of livestock and livestock products which will impact on farm prices and income, food prices, and general inflation, not only in the near term, but well into next year and beyond. Adjustments within the farm sector will not be confined to just the livestock industry since domestic use of feed grains is a significant determinant of grain prices.

The general economy is in the midst of economic recovery with industrial output on the rise and inventories being worked down by increasing sales. Expanding real disposable incomes are expected to further strengthen consumer demand. Some easing in food prices, such as occurred in August, would be a significant factor in moderating future inflationary pressures and sustaining the economic recovery. On the other hand, a

new round of rising food prices could boost wage rates, thus generating increased cost pressures and further price rises not only for food but for all products.

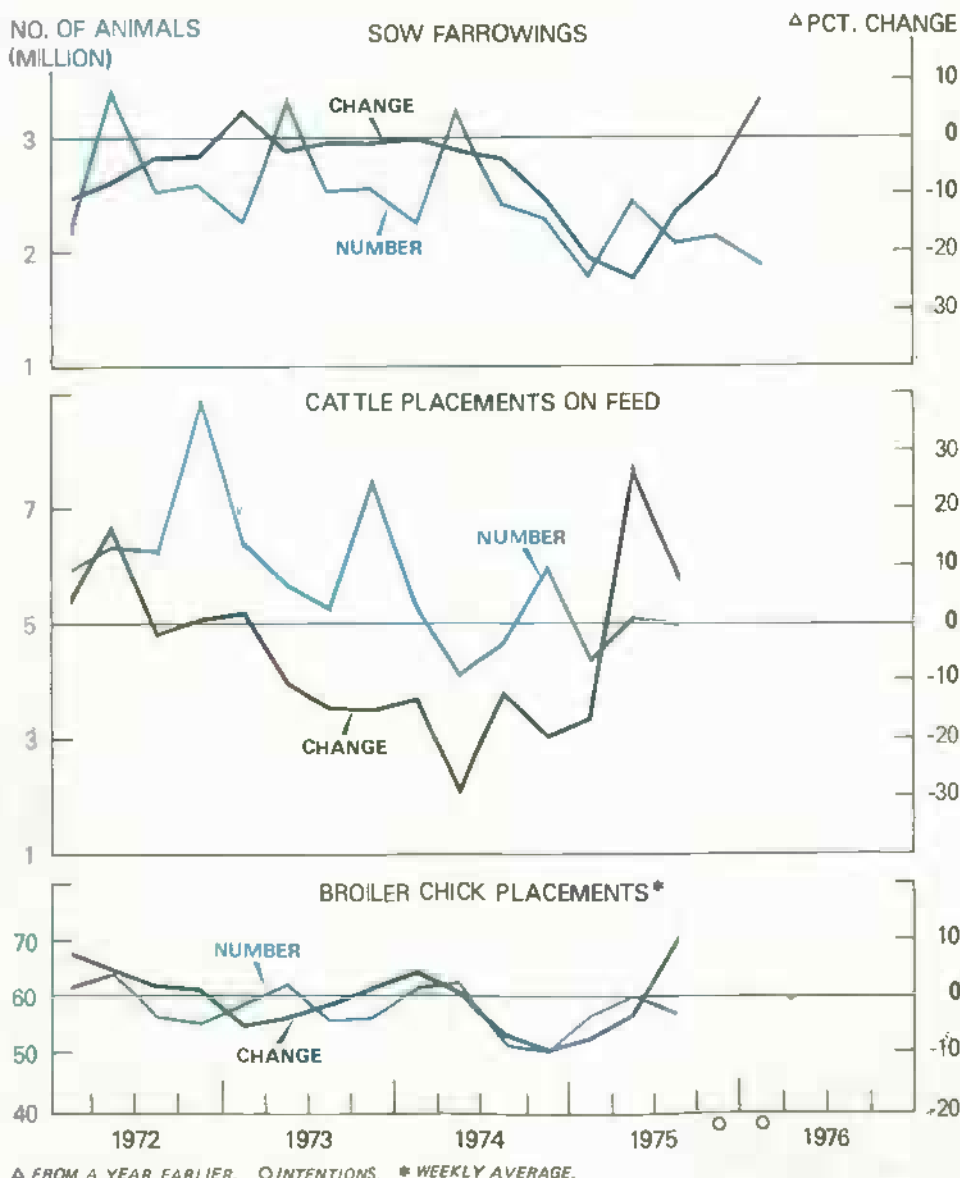
The relevant decisions facing livestock producers relate to placing more cattle on feed, increasing farrowings, setting more eggs, and stepping up grain feeding to dairy cows. The magnitude of these decisions made this fall will provide the basis for livestock production well into 1976. Although poultry producers are taking steps to expand production, cattle feeders and hog producers have so far been hesitant to make large expansion commitments, despite improved feeding margins. The outcome of these adjustments will have important effects on the national economy.

## U.S. Agricultural Situation Looks Better

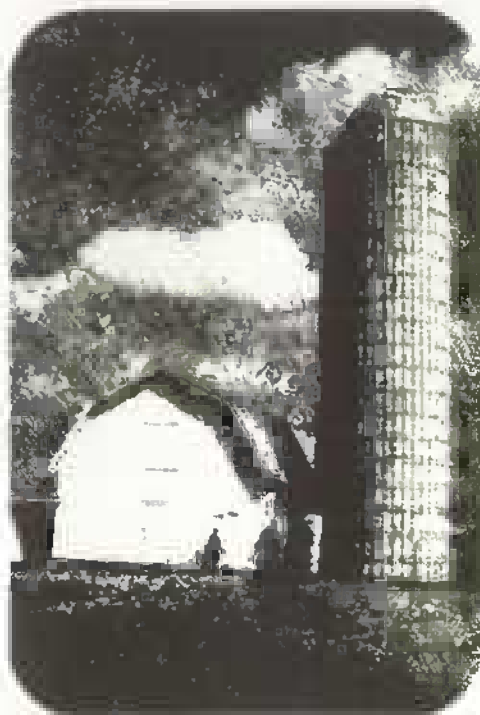
Strengthening prices of most livestock products along with larger marketings of cattle and poultry should bolster second half livestock receipts. Strong foreign and domestic demand, together with some deterioration in our own crop prospects, are pushing up crop prices. Coupled with larger marketings, this should also bolster crop receipts.

Price rises for production inputs are expected to slacken. Along with some cutback in purchases of inputs such as fertilizer, farm machinery, and feed, this should hold down increases in farm production expenses. These conditions could yield a 1975 realized net farm income in the mid-\$20 billion range. Although below 1974's \$27.7 billion income level, this year's income would still be the third highest on record.

## FEEDING MAY PICK UP FROM LOW LEVELS







## FARM ECONOMY

The agricultural outlook for the remainder of 1975 hinges on the final outrun of 1975 crops, the level of world demand for our crops, and the course of adjustments in the livestock-feed sector of our agricultural economy. Major uncertainties remain in the outlook, even though developments this summer in both the farm and nonfarm sectors of the economy have materially improved price and income prospects for U.S. agriculture. Although declining prices and a cost-price squeeze on farmers substantially reduced realized net farm income early in the first half of 1975, prospects are better for the second half.

Continued recovery in the general economy and rising disposable incomes will help bolster consumer demand for food and fiber products. Sales of cotton, wool, and tobacco are picking up as economic activity gains. Larger supplies of beef and poultry along with increasing consumer incomes may stimulate per capita meat consumption later on this year. Nevertheless, per capita food consumption in 1975 may be down primarily because of the drop in meat use in the first half. Even with some gain in consumer purchasing power, record large crop supplies and increasing output of livestock products likely will hold retail food prices near current levels during the remainder of the year, following a midyear bulge.

Foreign demand for grains remains strong as poor weather has reduced 1975 world grain crops outside the United States in the face of possible expansion in the world livestock and poultry industries. The 1975 Soviet grain crop is now estimated at 175 million metric tons, some 40 million tons below planned production for this year. Grain production is also down in Western and Eastern Europe. With larger 1975 U.S. grain crops, increased world demand will push U.S. grain

exports in 1975/76 well above year-earlier levels and close to 1973/74 volume.

### Livestock Prices Remain Strong

Developments in the livestock sector are dominated by adjustments begun more than a year ago. At that time, livestock producers reacted to the short and high-priced 1974 feed crops by cutting back the output of hogs, poultry, and eggs, and reducing placements of cattle on feed. The resultant reduced supplies of fed beef, pork, poultry, eggs and more recently of milk caused prices of livestock and livestock products to rise substantially from spring to mid-year. By July, livestock prices at the farm averaged 18 percent above the first quarter of 1975 and 15 percent above a year ago. Cattle prices eased a little in August but most livestock and livestock product prices were on the rise again in September. Strengthening prices for hogs, poultry, eggs, and milk along with larger output of beef and broilers are bolstering livestock receipts in the second half.

Poultry producers have reacted to the improved profitability picture of recent months by taking steps to increase output. Broiler production may be up as much as a tenth from a year ago by the fourth quarter and turkey output could also be rising by then. However, cattle feeders and hog producers appear reluctant to expand livestock feeding significantly until the longer run feed-livestock price situation is clearer. Although hog producers have indicated plans for expansion this winter, pork production could still be down 20 to 25 percent in the second half. Although total cattle slaughter may be well above a year ago in the second

half, lower average slaughter weights as a result of the higher proportion of nonfed cattle and calves in the slaughter mix may hold the increase in beef output to around 1 percent. Milk production will likely only hold its own this year while egg production could be down slightly from 1974.

### Crop Output Record Large

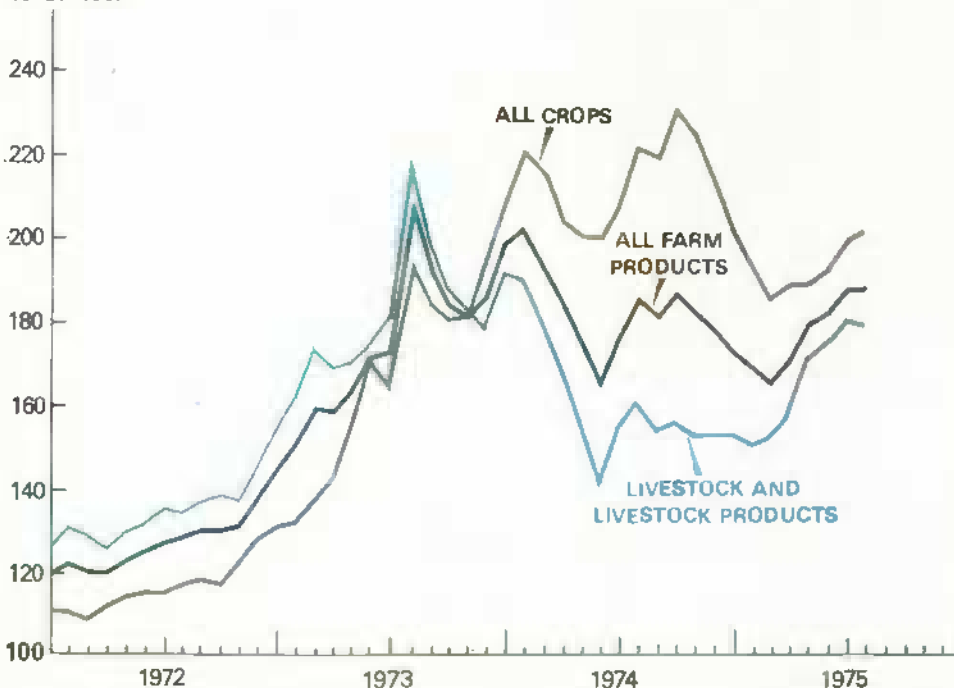
This year's crop production was still headed for a record high as of September 1, up some 10 percent from 1974, despite some deterioration in prospects this summer. Among the major crops, only cotton output will be down this year. Supplies of grains and soybeans appear ample for expanding domestic and foreign markets. The domestic livestock industry is expected to expand grain feeding in 1975/76 by around a tenth from the reduced 1974/75 level following last year's short and high-priced feed crops.

Crop receipt prospects have improved materially as strong foreign and domestic demand, coupled with some deterioration in otherwise bumper crop forecasts, are pushing farmers' prices higher. Crop prices received by farmers in August were up around 5 percent from earlier this year. Feed grain, wheat, and soybean prices strengthened at midyear, initially because of the reduction in our own crop prospects and later because of the grain sales to the USSR. Grain prices likely will continue strong through harvest, although any sluggishness in domestic feeding demand could temper price strength.

Despite the bullishness exhibited by crop prices this summer, the August index stood 9 percent below year-earlier levels. Only tobacco, commercial and fresh vegetables, and

## FARMERS' PRICES UP

% OF 1967



potatoes were reported higher at the farm level than in August 1974.

Farm marketings have increased in volume over last year, but the increase has not been enough to offset lower average prices. As a result, cash receipts from farm marketings for the first 8 months of this year totaled some \$53.3 billion, down almost \$2½ billion from January-August 1974. Crop receipts were down almost \$2 billion, while livestock receipts dropped a little more than half a billion dollars. For all of 1975, total cash receipts from farm marketings are expected to be very close to the \$93.5 billion of 1974. Some small gains in livestock receipts are in prospect, while crop receipts could be down slightly from last year.

#### Input Costs Slow

Price hikes for farm production inputs are expected to slacken some this year. This—along with the cutback in purchases of inputs such as fertilizer, feed, and farm machinery—will hold down increases in farm production expenses. However, energy costs remain a problem as present indications are for higher prices in coming months.

Realized gross income is again expected to be just over \$100 billion in 1975. Ex-

penses are likely to be \$3 to \$4 billion higher than the \$73.4 billion in outlays of 1974. This prospective outcome would result in a realized net farm income close to \$25 billion this year, compared with \$27.7 billion in 1974 and the record \$29½ billion of 1973. Net income in 1975 would still be the third largest on record by a wide margin. (Mardy Myers)

#### Outlook Conference Scheduled for November 17-20

The 1976 outlook for U.S. agriculture, the general economy, inputs, and foreign agricultural trade will receive particular attention at the National Agricultural Outlook Conference to be held at the U.S. Department of Agriculture's (USDA) Jefferson Auditorium in Washington, D.C. from Nov. 17 through 20. The Conference, sponsored by USDA's Economic Research Service and Extension Service, will also feature presentations and panel discussions by leading authorities in agriculture and business on commodities and family living concerns. To receive a preliminary program, write to: Publications Unit, ERS-Inf. Room 0054, So. Bldg. USDA, Wash., D.C. 20250.



## COMMODITIES

This year's grain crop output is likely to be at record or near-record levels, despite some deterioration in prospects this summer. Supplies of feed grains, wheat, and soybeans appear ample for expanded domestic and foreign demand while still allowing for some buildup in carryout stocks come next summer and fall.

Development of corn continued at an excellent pace in mid-September despite below-normal temperatures over the major

producing areas. Soybean development was still at a steady pace even though cooler temperatures dominated much of the major growing area.

The fall months are a critical decision-making period for livestock producers. Cattle feeders, hog producers, poultrymen, and dairymen are now making crucial decisions which will influence the production of meat, poultry, eggs, and milk well into next year.

Despite improved feeding margins in recent months, cattle feeders and hog producers have been hesitant to make large expansion commitments on the basis of short-run conditions. Hog producers have indicated plans for some expansion next winter but they will continue to be tempted to sell their corn rather than market it through hogs. Cattle feeders, who have been under financial stress the past 2 years, may wait until more stability is apparent in feed-livestock markets before filling up feedlots. Egg and milk production continues below year-earlier levels. Broiler producers have responded to improved profit margins by expanding chick placements for late summer and fall marketings.

Consequently, domestic feed use may not increase significantly until well into 1975/76. Total feed use in 1975/76 could rise moderately, but remain substantially below peak volumes in 1972/73 and 1973/74. Cattle and hogs are major pivot points in feed consumption, normally accounting for about three-fifths of domestic use. Domestic feed use in 1974/75 plummeted over a fifth as livestock producers cut their operations in response to high feed prices last fall.

#### Soybean Supplies Record Large

The 1975/76 soybean supply is estimated at an all-time high of 1.6 billion bushels, about a sixth above last season and slightly above the previous high in 1973/74. The increase is due to both larger carryover (up to 186 million bushels on September 1, about 15 million above a year ago) and larger production (1.44 billion bushels as of September 1, versus 1.23 billion in 1974). While soybean use may be up some in 1975/76, it will fall short of production even under the most optimistic demand projections. Barring unexpected demand expansion, soybean prices should average below 1974/75 and a further buildup in stocks by next September is anticipated.

Prices received by farmers are expected to average below the \$6.50 per bushel now estimated for the 1974 crop. As last season, a contraseasonal pattern probably will prevail, with prices high during the flush harvesting period and then trailing off as large supplies overhang the market.

Soybean prices are down from a month ago, when speculation was rampant that the USSR would purchase soybeans and uncertainty surrounded the condition of the new crop. In mid-September, prices for No. 1 yellow soybeans at Chicago were around \$5.50 to \$5.60 per bushel, down about 70 cents from mid-August. So far, no sales of U.S. soybeans to the Soviet Union have been reported, although their sunflowerseed crop is down about a tenth from the 6.8 million metric tons of last year. (Stanley Gazelle)

#### Feed Grain Prices to Remain Strong

Reduced crop prospects plus prospective strong export demand suggest strong corn prices again this fall. Sluggish feed demand could temper price increases through the winter. However, Chicago cash corn prices in October-December could average around 10 to 20 percent below the \$3.56 per bushel average of a year earlier.

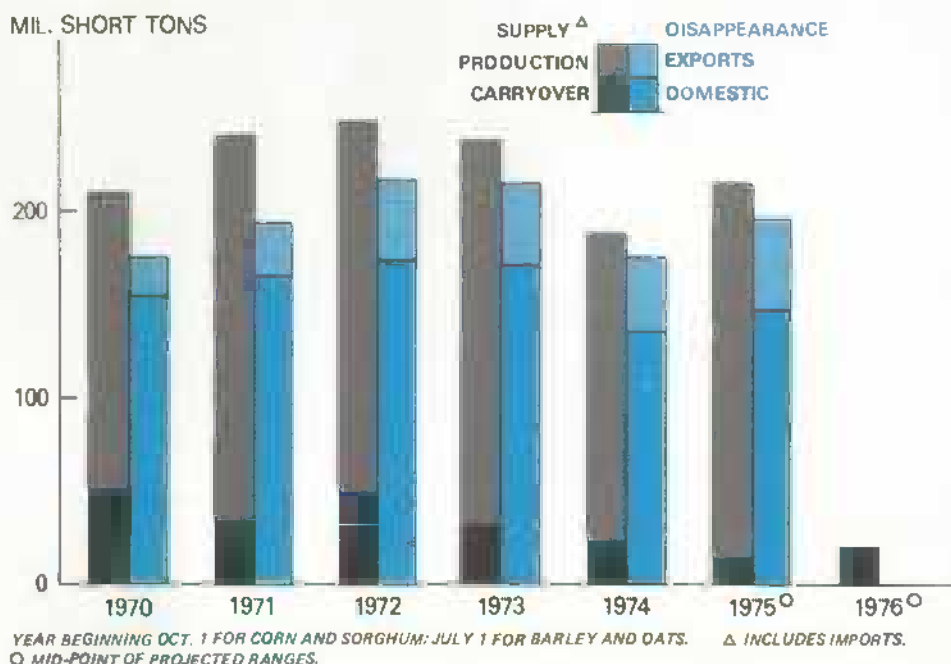
In recent weeks, corn prices have held fairly steady, following gains in July and early August. However, corn prices were still below a year earlier when crop prospects were less favorable. Corn (No. 2 yellow) at Chicago was selling for around \$3.10 a bushel in mid-September, compared with about \$3.35 a year earlier.

September 1 production estimates of the four feed grains (corn, sorghum, oats, and barley) were each below the August 1 estimates but sharply larger than the 1974 harvests. Total feed grain production is estimated at 201 million short tons, some 3 percent less than on August 1, but more than a fifth above 1974's output.

Crops of this size would provide a feed grain supply of about 215 million short tons in 1975/76, 14 percent larger than in 1974/75 but otherwise the smallest since the 1970/71 supply of 209 million tons. The larger feed grain supply appears ample to cover the



## FEED GRAIN SUPPLIES LARGER



moderate increase expected in livestock and poultry feeding in 1975/76, along with expected record large exports.

Domestic feed grain use is expected to range between 141 and 153 million tons, up from 1974/75's 136 million tons. Exports are expected to range between 44 and 52 million tons, well above the previous year's 39 million. The USSR had purchased 5.8 million metric tons of feed grains from U.S. exporters for 1975/76 by July when a moratorium was put on further grain sales until more was known about U.S. and world supply and demand.

Despite expected gains in use, the larger feed grain supplies will permit a moderate increase in carryover stocks at the end of the 1975/76 marketing year to 18 to 22 million tons, up from about 13 million tons carryover from 1974/75. The 1975/76 level might approximate the 1973/74 carryover of 22 million tons but would be considerably smaller than in earlier years.

The corn crop was estimated at 5.69 billion bushels as of September 1, down 3 percent from August as dry weather cut expected yields in the western Corn Belt. The reduction likely will mean somewhat smaller domestic feed use and carryover stocks by September 30, 1976 than were earlier expected. Domestic feeding of corn in 1975/76 is now projected at 3.4 to 3.7 billion bushels, up about a tenth from last year. Exports are likely to reach 1.3 to 1.5 billion bushels, up substantially from the previous year. (George R. Rockwell, Jr.)

### Wheat Demand Continues Strong

Demand for our record large 2.1 billion bushel wheat crop continues strong. Mill grind, based on July data, is holding up well

and wheat exports through the end of August totaled around 200 million bushels, about a fifth ahead of the pace set a year ago. Forward sales are holding up and we seem well on our way to attaining the projected export range of 1.15 to 1.35 billion bushels. But even if demand rises to the top of the estimated range, the 1975 crop will still be more than adequate to permit an addition of around 100 million bushels to our mid-1975 stocks of 319 million bushels. However, if exports falter, stockpiles could swell to near 600 million bushels.

Wheat prices have been seesawing in recent weeks as they responded to crop forecasts and trade announcements. Average wheat prices at the farm have flirted with the \$4 a bushel level and in some areas where protein was commanding a premium, farmers were receiving well over \$4. In contrast, the large soft wheat crop in the East was holding farm prices in many areas at around \$3. This disparity between the prices quoted for the highest protein hard wheats and the more abundant soft wheats and yellow hards may continue through much of the season. If exports appear to be headed toward the top of the range, prices for the season may average near the \$4 level of the past 2 years. Any slackening in the pace or scope of exports likely would be reflected in lower prices. (Frank Gomme)

### Rice Production Expanding

With record plantings and expected higher yields, the 1975 U.S. rice crop will jump to an all-time high of nearly 125 million cwt., rough basis (about 5.7 million metric tons). Including a small carryover, supplies for 1975/76 could total nearly 132 million cwt.

Demand for rice is expected to increase in 1975/76, but probably not enough to match the record crop. Domestic use may increase around 5 percent from the 40 million cwt. in 1974/75. But exports, as usual, will dominate the outlook. In 1974/75, exports rose to a record 70 million cwt. and they may be at least as heavy in 1975/76. In any case, total disappearance likely will fall short of the 1975 harvest and stocks will increase. The size of the stock buildup will depend on the strength of foreign demand. However, at this time it appears quite possible that rice stocks next summer could easily double the 7.1 million cwt. carried into the 1975/76 marketing year.

Early-season 1975 crop rice is trading around last year's level of \$9.50 to \$10 per cwt. However, if record supplies materialize and markets develop as expected, rice prices may not register the post-harvest strength that developed a year ago. (Frank Gomme)

### Poultry Production Gaining

Profitability has returned to the poultry industry in recent months as prices rose, and producers responded by sharply increasing chick placements and poult hatchings.

Chick placements and recent hatchery activity suggest production this fall will be up as much as a tenth from year-earlier levels. Output during the first half of 1976 is likely to continue moderately above a year earlier.

Broiler prices will decline seasonally in coming months, although they will average above the 41 cents per pound (9-city weighted average) in October-December 1974. The weakening effect on broiler prices of increased broiler production will be offset by the price strengthening impact of higher beef and pork prices relative to a year ago. Wholesale broiler prices in the 9 city markets in August declined slightly from the previous month. Prices were still declining in early September, but strengthened again by mid-month.

Turkey producers have sharply increased poult production in recent months relative to 1974. This translates into moderately larger turkey output this fall relative to a year earlier. However, total turkey supplies will remain below last fall because of lower cold storage stocks. There will also probably be a substantial percentage increase from a year ago in turkey production during the seasonally light production period of January-June 1976.

Turkey prices, which are expected to continue their gradual seasonal rise in coming months, also will be bolstered by reduced total supplies of turkey meat and lower pork output. However, prices in early 1976 could weaken as the expected larger turkey production moves to market. Turkey prices have been trending upward since mid-February. New York wholesale prices for 8-16 pound young hen turkeys averaged 58 cents a pound in early September, slightly above a month earlier and 9 cents above a year ago. (Gerald Rector)

### Egg Prices Rise

Egg prices have gained in recent weeks but should show some seasonal weakness in October before advancing again in November-December. Wholesale prices for grade A large eggs delivered to New York averaged 62 cents a dozen in mid-September, up 7 cents from a month earlier but about equal to year-earlier levels. A seasonal pickup in demand and higher prices for other high protein foods will help bolster egg prices this fall. However, prices of large eggs in New York this fall are expected to average near the 63 cents per dozen of October-December 1974.

Layer numbers and egg production have closed the gap relative to year-earlier levels in recent months and are expected to continue moving closer in coming months. Relative to a year earlier, layer numbers in August were down 3 percent but the rate of lay increased 2 percent. Thus, egg output was only 1 percent below August 1974. The hatch of egg-type chicks 5 to 6 months previous indicates there will be 6 percent fewer pullets entering the flock this fall than during October-December 1974. But a continued larger number of force-molted old hens will result in fewer layers leaving the flock, causing a gradual increase in flock size. If the rate of lay continues up as in recent months, output may exceed year-earlier levels this fall. Output during early 1976 will depend on the relationship between feed prices and egg prices at that time. (Gerald Rector)

### Cattle and Hog Feeding May Expand

Instability and uncertainty surrounding future livestock and feed grain prices have discouraged plans for any significant increases in livestock feeding this summer and

fall. Even though feeding margins have been quite favorable in the past few months after almost 2 years of severe financial losses, cattle feeders seem hesitant to fill feedlots.

Placements of cattle into feedlots during the summer slowed as feed grain prices jumped and fed cattle prices drifted lower. After increasing 17 percent in the spring, placements in the seven major cattle feeding States fell 13 percent in July but then rose only 4 percent in August. While summer placements could still be up from a year ago, increases are more modest than indicated earlier this year. Cattle on feed inventories in the seven reporting States on September 1 totaled 5.9 million head, about the same as August 1 but down 13 percent from a year earlier. The largest year-to-year reductions in September 1 cattle on feed inventories were in Texas (down 24 percent) and California (down 22 percent). Kansas reported 13 percent more cattle on feed and Colorado held about steady.

Although fed cattle marketings in the fall may still be larger than spring and summer levels, the slowdown in summer placements may hold fed-beef production during October-December near the fourth quarter 1974 level. While total beef production this fall could still be record large, fewer fed cattle and sharp reductions in average slaughter weights will trim beef output below earlier expectations. If nonfed slaughter grows as expected during October and November, fed cattle prices could turn lower from late September levels of around \$49 per 100 pounds. Declines, however, will be smaller than earlier expected and Choice steers during October-December might average \$45 or more.

If feed prices remain up and placements are curtailed through the fall, seasonal reduc-

tions in nonfed slaughter later in the winter and spring of 1976 likely would again produce moderate gains in fed cattle prices.

Hog producers have indicated plans for some expansion in the pig crop next winter. However, many producers still face a difficult choice of selling their grain on a high cash market for a favorable return on investment, or speculating on better returns from hog feeding several months from now. Many farmer-feeder hog producers are reluctant to take the longer term risk. For hog producers who purchase feed, recent grain export sales and volatility in the grain market increases the risk of longer-term feeding periods.

The September 1 survey of hog producers in 14 States indicates reductions in sow farrowings are becoming smaller and some expansion is planned for the December-February pig crop. Even so, farmers still are concerned about the profit risks associated with feeding relatively high-priced corn to hogs for marketing a year later. Although producers have indicated plans to increase farrowings by 6 percent this winter, this would still be 17 percent below 2 years ago.

The September 1 inventory of hogs and pigs in 14 States was down 17 percent from a year ago. Market hog inventories were reduced 18 percent and breeding stock numbers were 12 percent smaller. Judging from the distribution of market hogs on farms by weight groups, slaughter may be up seasonally this fall from summer levels but still 20 to 25 percent under last year. Hog prices this fall are expected to remain up and average \$55 per 100 pounds or more. In late September, barrows and gilts sold for over \$61.

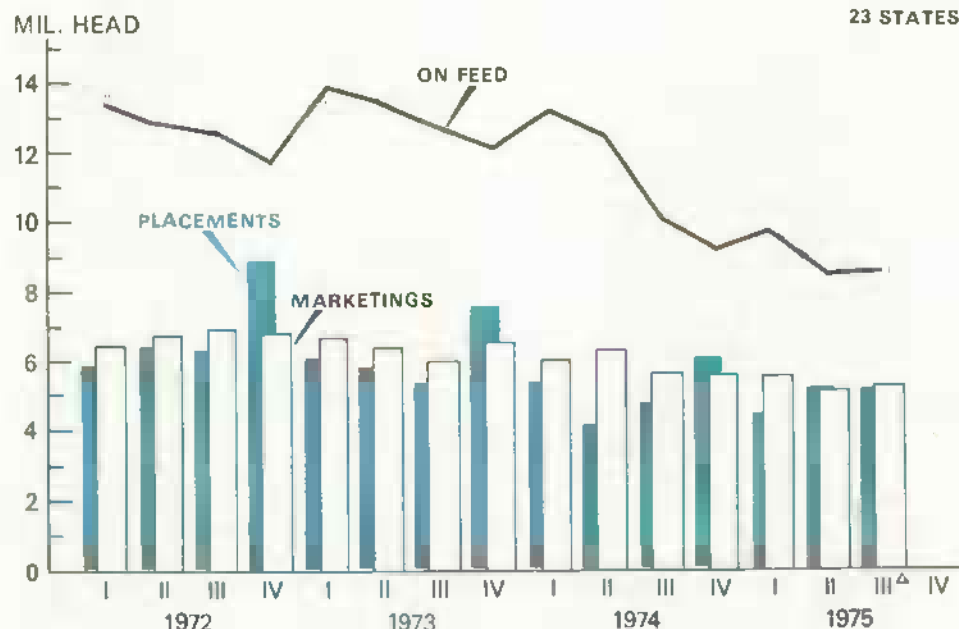
Pork output may remain below year-earlier levels through early 1976, but may begin to turn around in midyear. The December-February pig crop will supply most of next summer's pork and producers have reported plans to increase farrowings for this crop by 6 percent. Continued favorable feeding margins might even increase the expansion currently planned for this winter, but it still appears that significant increases in the pork supply are at least several months away. (George Hoffman)

### Milk Production Likely To Recover

Some gains in output per cow seem likely later this year. Rising milk prices may lead to more attractive feeding relationships encouraging somewhat heavier grain feeding. With drops in cow numbers expected to continue small, this may cause small increases in milk production from a year ago by late 1975. However, for the entire year, milk output is likely to total close to 1974's 115.4 billion pounds.

Milk production in August was about 1 percent below a year ago, the fourth successive month of decline, although the rate of drop slackened a little in August. These recent declines are resulting chiefly from lower output per cow stemming from re-

## NO INCREASE YET IN CATTLE FEEDING



△ INTENTIONS



duced concentrate feeding. Milk cow numbers continued down only about half a percent, the slowest rate of decline from year-earlier levels in about two decades.

Farm milk prices rose sharply in late summer, reaching \$8.47 per 100 pounds in August, up 53 cents from the June seasonal low and 73 cents above a year ago. Manufacturing milk prices also rose substantially and were more than \$1 above year-earlier levels in August. Farm milk prices are likely to continue rising seasonally the rest of this year and remain well above a year ago.

Sparked by declining production, low seasonal stocks, and strong sales, wholesale butter prices have risen about 23 cents per pound since early June. American cheese prices rose about 18 cents from early May. Even nonfat dry milk prices, which had been at support purchase prices since mid-1974, moved up around 6½ cents in late August and early September. These wholesale price gains are now starting to be reflected at the retail level. We may also see some gains in retail fluid milk prices in the near future.

Lower milk production accompanied by increased fluid milk sales has reduced supplies of milk available for manufacturing. Consequently, less butter, American cheese, and nonfat dry milk have been produced this summer than in 1974. (James J. Miller)

#### Noncitrus Fruit Output Exceeds Last Year

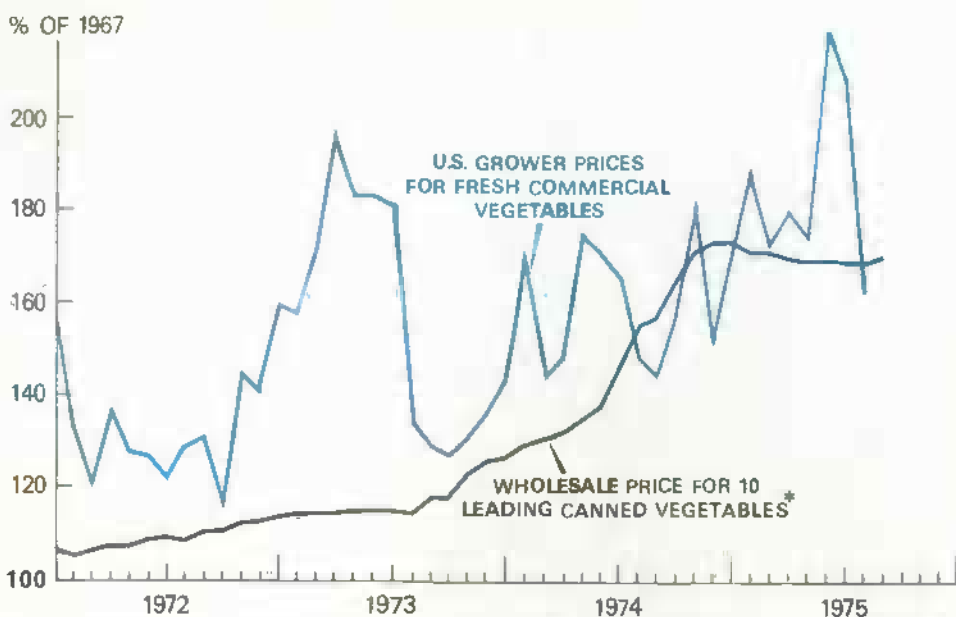
Fresh noncitrus fruit supplies this fall are above last season's levels. Led by gains in the apple, grape, and pear crops, total non-citrus fruit output is estimated as of September 1 at 11.7 million tons, 5 percent above last year's utilized levels and 7 percent above 1973. Large supplies of many processed non-citrus items are also in the offing, because of the sharply larger stocks on hand at the beginning of the 1975/76 marketing season. The large noncitrus fruit supplies, coupled with some sluggishness in consumer demand for most processed noncitrus items, are contributing to a decline in grower prices.

The index of prices received by growers for fresh and processed fruit fell substantially during August to a level 6 percent below a year ago. Price decreases for most fruits more than offset advances for lemons and grapefruit. Grower prices for fresh and processed fruit may continue down this fall to levels slightly to moderately below last year.

Another large citrus crop seems in prospect as the summer has seen trees in generally good to excellent condition and fruit developing well.

The September 1 forecast of this year's edible tree nut production (almonds, walnuts, pecans, and filberts) at about a half million tons, is 12 percent more than last year and 3 percent above 1973. Substantial increases in the walnut, pecan, and filbert crops more than offset a sharp drop in almond output. However, total supplies of almonds are expected to be slightly larger than last year's level because

## FRESH VEGETABLE PRICES DROP SHARPLY



\* INDEX DEVELOPED BY ERS FOR SNAP BEANS, CORN, PEAS, TOMATOES, TOMATO JUICE, TOMATO CATSUP, BEETS, CARROTS, SAUERKRAUT, AND SPINACH.

of the substantially larger inventory at the beginning of this season. With larger supplies of domestic tree nuts in prospect for the 1975/76 marketing year, some weakening of grower prices is likely. (Andrew Duymovic and Ben Huang)

#### Fresh Vegetable Prices Drop Seasonally

Grower prices of fresh vegetables showed a sharp seasonal drop in August, but prices strengthened in September. Prices received by growers for fresh market commercial vegetables in the fourth quarter this year will likely show a gain of around 10 percent from year-earlier levels.

Processing vegetable crops, at about 12 million tons, are weighing in about a tenth higher than 1974. One of the biggest gainers was tomatoes with 8 million tons destined for processing, a full 1 million more than 1974.

Among other crops, lima beans and sweet corn supplies are also up. More-than-adequate ending inventories of most lines of processed vegetables mean a potential for stable wholesale prices throughout the 1975/76 season.

With forward contracting probably accounting for less potato acreage this year, larger inventories of processed potatoes, and prospects for a smaller crop, frozen potato manufacturing in the second half of 1975 could manage with 7 million cwt less crop than the same period of 1974. About 36 million cwt was processed into frozen potato products in the July-December period last year. This slower rate of potato crop offtake would provide both a December 31 cold storage holding level coinciding with the trend of recent years and breathing room for tablestock, storage, and other uses. (Joseph Combs and Charles Porter)

#### Cigarette Tobacco Supply Increases

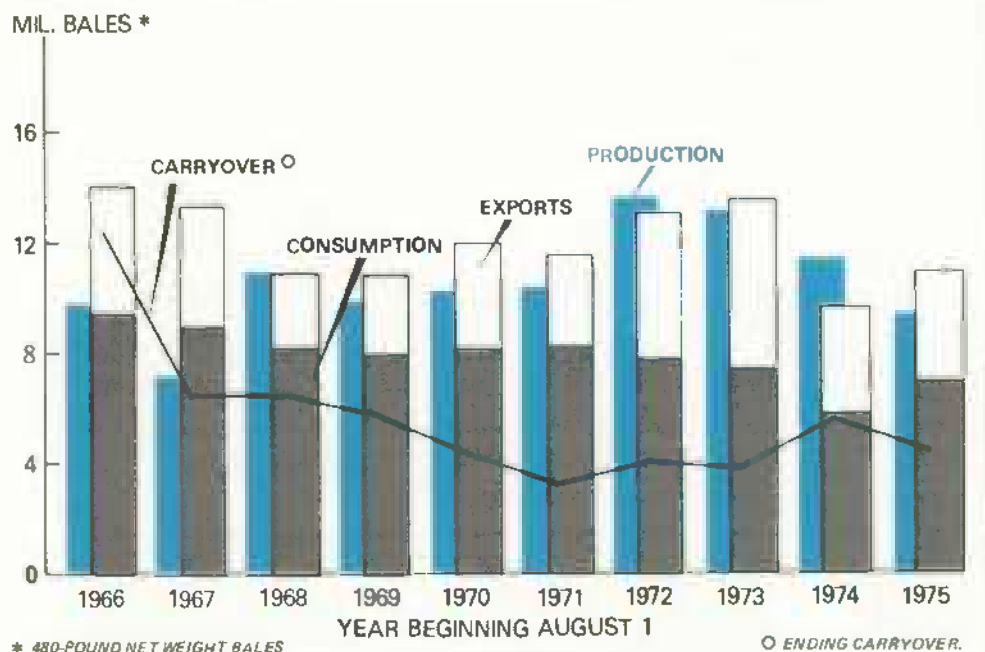
Total tobacco supply in the 1975/76 marketing year will be up for the first time in a decade. Supplies in 1975/76 will be about 5.2 billion pounds, 5 percent above last season. The increase results from larger production of the two main cigarette tobaccos, flue-cured and burley, and a larger carry-over of these tobaccos from the previous marketing year. This year's flue-cured and burley crops were estimated at 2.1 billion pounds as of September 1, up more than a tenth from last year. Therefore, despite an expected increase in the use of cigarette tobaccos in the 1975/76 marketing year, cigarette tobacco supplies will be large enough to rebuild depleted stocks.

Farmers began selling this season's flue-cured tobacco in early July, but prices have not increased as they did last marketing season. The daily average price has trailed last year for most of the season. Over half the crop was sold by September 18 at an average price of 97 cents per pound. Last year, when the same proportion of a 12 percent smaller crop had been marketed, the season average price was \$1.01 per pound. For the entire 1974/75 season, prices averaged \$1.05. However, prices gained 6 cents per pound from mid-August to mid-September this year, about the same increase as during the same period in 1974.

This season's average price support level was increased 10 cents per pound. However, market prices last season were far above supports. The difference in average prices in the two seasons reflects the tight supply-demand situation in 1974 versus the more ample supply situation in 1975. (Richard Hall)



## COTTON USE TO OUTPACE PRODUCTION



### Cotton Consumption Turns Up

Larger U.S. mill consumption during 1975/76 highlights the cotton outlook, along with prospects for relatively stable exports and sharply reduced production. Despite the much smaller crop expected for 1975 (9.3 million bales as of September 1), supplies may nearly equal last season's 15.4 million bales. Carryover this August 1 totaled 5-3/4 million bales, up 2 million from last year. Thus, stocks will be worked down somewhat as the season progresses, leaving a carryover next summer of about 4 to 5 million bales.

Disappearance of U.S. cotton this season is expected to recover somewhat from 1974/75's 9.8 million bales, which was the smallest since the 1890's. An improved general economic climate should make for brighter mill consumption prospects in coming months. Domestic mill use is estimated at 6½ to 7 million bales, up from 5.9 million in 1974/75, and slightly above earlier expectations. Indeed, recovery to 1973/74's pre-recession use of 7½ million bales is within the realm of possibility. The exact level will depend on the strength of recovery in general economic and textile activity, as well as competition from manmade fibers. Monthly cotton consumption has increased sharply since early 1975. The seasonally adjusted daily rate of use jumped 9 percent in July, the biggest monthly increase in 5 years. Further recovery this season is indicated by a recent pickup in new orders and declining inventories of cotton textiles.

U.S. cotton exports during 1975/76 may total around the 3.9 million bales of last year. Although foreign cotton consumption is expected to increase while production abroad is down, larger foreign stocks of competitively priced cotton will probably limit

### U.S. exports.

Spot market prices for upland cotton have increased substantially in recent months and prices for most qualities now are over a dime above last January's trough and near-earlier levels. The price strengthening primarily reflects reduced 1975 crop prospects, improving demand, and producer resistance to selling at the low prices seen earlier. As of September 1, growers still held title to an estimated 1.4 million bales of the 1974 crop, about 0.8 million of which were under loan to the Commodity Credit Corporation. (Russell Barlowe)

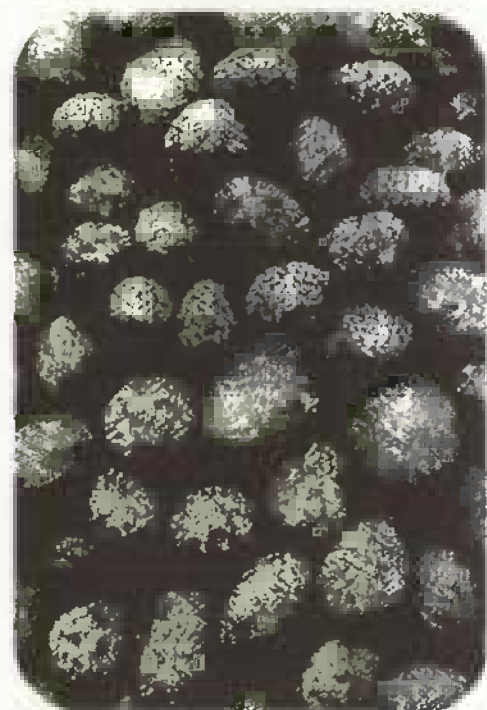
### Wool Prices Improve

The current wool situation is characterized by limited domestic supplies, improved mill demand for raw apparel wool, and firm to moderately rising farm prices. U.S. shorn wool production for 1975 is estimated at 119 million pounds (grease basis), down 10 percent from 1974.

Farm prices for wool declined throughout 1974 and into early 1975. However, they began to turn up in April, and by August averaged 46 cents per pound (grease basis), about 13 cents above March. Indications are that the average farm price for 1975 will fall short of the support level of 72 cents per pound, and payments under the Wool Act will exceed the 21.8 percent rate paid on 1974 marketings.

Wool prices during the rest of the year should remain near current levels. Most of the finer wools have been sold and remaining supplies consist primarily of medium and coarser grades and small lots of lower quality wools. The outlook for 1976 is clouded by the existence of very large foreign stocks of raw wool, much of it in the finer grades, and by the uncertainty of the timing and magnitude of the anticipated economic recovery.

The outlook for domestic mill consumption for 1975 is more optimistic than at the beginning of the year. Mill use of raw apparel wool in the first 6 months of 1975 slightly exceeded the same period last year, but more importantly, mill use in the second quarter of 1975 exceeded that of a year earlier by 17 percent. Carpet wool consumption remains depressed at about 70 percent of 1974 levels. (Sam Evans)



## FOOD

Retail food prices may change little in coming months, following a slight decline in August. With some reduction in supplies of livestock products, food prices for all of 1975 may average around 9 percent above a year earlier. This year's expected increase compares with rises of over 14 percent in both 1973 and 1974.

Larger supplies of beef and poultry this fall will counteract continued tight pork supplies and rising consumer demand, possibly resulting in some modest price declines at the meat counter. But rising prices for dairy products, eggs, and fish may be nearly offsetting.

Fresh fruit prices likely will decline seasonally this fall as the expected large apple and citrus crops begin moving to market in volume. However, weather problems in some major producing areas may preclude the usual fall price decline for potatoes. Other fresh vegetable prices will advance moderately in a seasonal fashion. Supplies of most processed fruit and vegetable items are larger than a year ago, but higher processing and marketing costs and strengthening demand may keep prices generally firm.

Record or near-record crops of grains and soybeans will provide ample supplies for domestic use. However, small declines in production prospects relative to earlier forecasts,

### Per capita food consumption index<sup>1</sup>

Selected years	Meat	Poultry	Fish	Eggs	Dairy products <sup>2</sup>	Fats and oils			Fruits <sup>3</sup>		
						Animal <sup>2</sup>	Vegetable	Total	Fresh	Processed	Total
	1967=100										
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	122	109	94	105	100
1973	98	107	117	91	99	78	127	110	93	110	102
1974	105	109	111	89	98	78	121	105	98	107	103
1975 <sup>4</sup>	101	105	112	84	99	74	117	102	100	116	108
	Vegetable <sup>5</sup>			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops <sup>6</sup>	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	98	103.6	104.1	103.8
1973	100	113	104	82	126	98	109	96	99.0	105.3	101.9
1974	100	109	103	82	126	96	106	91	101.6	103.3	102.4
1975 <sup>4</sup>	99	113	104	84	128	97	97	88	99.3	103.2	101.0

<sup>1</sup> Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. <sup>2</sup> Includes butter. <sup>3</sup> Excludes melons and baby food. <sup>4</sup> Preliminary. <sup>5</sup> Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. <sup>6</sup> Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

along with present or anticipated strong export demand, have resulted in recent price strength for these commodities. As a result, retail price declines in recent months for cereal and bakery items as well as vegetable oil products may be short-lived and some moderate price increases are likely later this year.

Lower prices this fall for sugar, in contrast to the high levels a year ago, will be a moderating influence for retail prices in both the cereal and bakery and the sugar and sweets categories. But rising coffee prices stemming from the freeze damage reported in Brazil will push up average prices in the beverage category.

#### August Retail and Wholesale Food Prices Soften

Retail food prices registered a 0.3 percent decline in August following 2 months of sharp increases. All of the decline between July and August was due to a 0.5 percent drop in food at home prices. The Consumer Price Index for food eaten in restaurants and snacks rose 0.6 percent. Compared with a year ago, the all-foods price index averaged 9½ percent higher,

while the nonfood price index was up 8½ percent.

Retail meat prices, which were up an average of 6 percent from the previous month at midyear, rose 1 percent from July to August. A drop in beef was more than offset by higher prices for pork and other red meats. Dairy products, fish, poultry, eggs, and sugar and sweets were also higher. Fresh vegetable and fruit prices fell sharply, with lesser declines occurring for fats and oils and cereal and bakery products.

The Wholesale Price Index for all foods, often a precursor of events at the retail level, fell 0.4 percent in August. Beef and veal prices dropped over 7 percent, offsetting a 4 percent gain for pork. Fresh poultry fell 6½ percent, but eggs, dairy, and sugar rose significantly.

#### Per Capita Food Consumption To Drop In 1975

Per capita food consumption in 1975 may fall to the lowest level in 7 years. A sharp reduction in the consumption of animal-related food products accounts for almost all of the nearly 1½ percent decline in per capita food consumption now estimated for 1975. Sup-

plies of fed beef, pork, and poultry products were severely constricted earlier this year because of tight supplies and high costs for livestock feeds resulting from the drought-reduced harvest of feed grains and soybeans in 1974. Crop-related food consumption per person in 1975 likely will be down fractionally from last year.

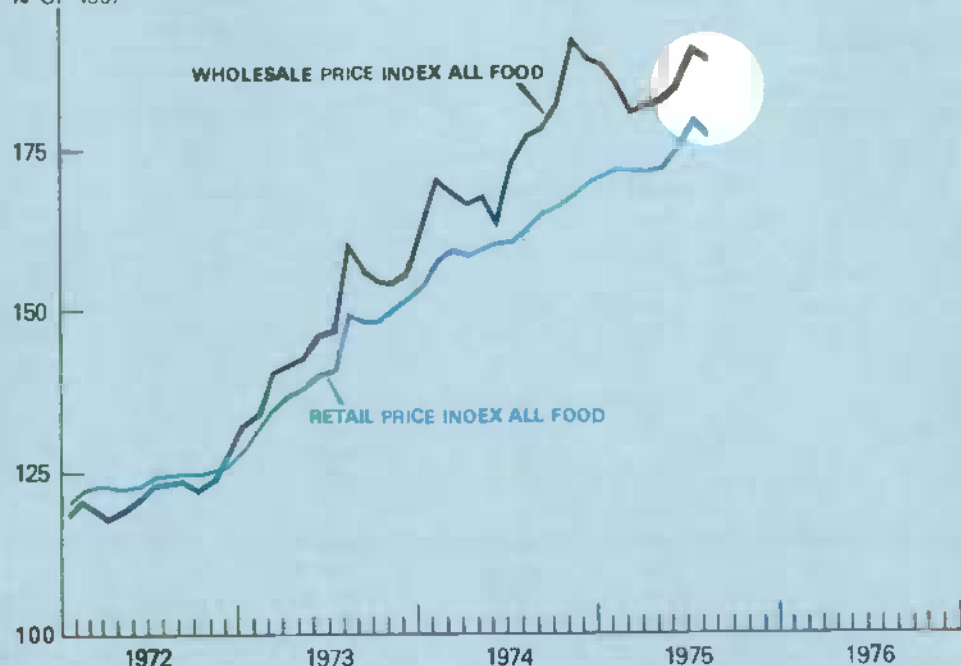
Per capita consumption of animal-related foods in 1975 is now expected to be down nearly 2½ percent from last year and only slightly above the depressed level of 1973. Compared with the record high of 1971, consumption of animal-related foods may be down over 4 percent in 1975. A sharp reduction for pork and grain-fed beef likely will more than offset an increase for other beef and veal, so that total red meat consumption in 1975 may be off 4 to 5 percent from a year earlier. Poultry, egg, and animal fat consumption per person will also be down slightly.

Per capita consumption of livestock-related food products (seasonally adjusted) fell significantly between the winter and spring quarters. The 4 percent decline primarily reflected a 6 percent drop in red meat consumption, although poultry and



## FOOD PRICES DROP

% OF 1967



SOURCE: BUREAU OF LABOR STATISTICS.

dairy consumption were down slightly. Eggs stayed about the same. Increased beef and poultry supplies along with rising consumer incomes may stimulate some gain in meat use per person later on this year.

Among crop products, per capita consumption of sugar and sweeteners in 1975 may be down about 8 percent from last year. Consumption of vegetable oils and coffee and cocoa may also drop significantly. However, higher consumption of processed fruits and vegetables, fresh fruits, and potatoes may be nearly offsetting, leaving total consumption of crop-related foods essentially unchanged from 1974 and about 2 percent below the record high of 1973.

### Food Expenditures Rise

Total personal consumption expenditures for food rose during the second quarter to almost \$180 billion (seasonally adjusted annual rate), an increase of about 2 percent or about \$3½ billion from the previous quarter. Spending on restaurant meals and snacks, up \$1½ billion or 4 percent, accounted for nearly half the total gain. Expenditures for food at home rose almost \$2 billion, an increase of about 1½ percent.

Expenditures for food in constant prices—a measure of volume—rose 1 percent during the quarter. Again, much of that increase resulted from larger spending on restaurant meals and snacks which rose some 2½ percent. Spending for food at home rose fractionally.

As a result of increased incomes, the proportion of disposable income allocated to food expenditures dropped from 17.4 percent in the first quarter to 16.7 percent in the second quarter. (Anthony Gallo and Larry Summers)



## MARKETING AND TRANSPORTATION

Farm-retail price spreads for a market basket of farm foods<sup>1</sup> continued to widen in August, although at a reduced rate compared with July. Prices to farmers dropped more last month than retail food prices. Some further increase in spreads for livestock products is likely in the next few months but little change is anticipated for crop products.

The farm-retail spread—which represents charges for assembling, processing, transport-

ing, and distributing market basket foods—widened 0.4 percent from July to August, continuing the upward movement since May. The August increase mainly resulted from significantly wider spreads for beef, pork, poultry, and fresh fruits. In contrast, marketing spreads decreased sharply for bakery and cereal products, fresh vegetables, and oilseed products.

In August, the farm-retail spread averaged 10.2 percent wider than in August 1974. For the year, it may average about 10 percent wider than in 1974.

The retail cost of the market basket decreased 0.7 percent from July to August, the first such decline in 1975 since the slight drops of March and April. Lower prices for beef, fresh vegetables (particularly tomatoes), bakery and cereal products, and fats and oils products accounted for most of the decrease. In contrast, retail prices for eggs, pork, and sugar climbed steeply, while changes for other market basket foods were small. Compared with a year earlier, the retail cost of the market basket in August was up 9.6 percent.

Returns to farmers (farm value of quantities equivalent to retail units) for food products decreased 2 percent from July to August as prices for fresh fruits and vegetables, beef cattle, and poultry dropped considerably. On the upside, returns for oilseeds, sugar, eggs, and wheat and other farm ingredients in bakery and cereal products rose substantially. In August, the farm value of the market basket stood about 9 percent higher than a year earlier. The farmer's share of a dollar spent in retail food stores for these foods was 42.8 cents in August, compared with 43.4 cents in July and 43.1 cents in August 1974.

The retail price for Choice beef, which reached a record \$1.61 per pound in July, dropped to \$1.56 in August, following the fall in cattle prices which began early in July. Since cattle prices dropped faster than retail prices, farm-retail spreads increased 3.5 cents per pound to a record of 58.7 cents. Both the farm-carass and carcass-retail spreads widened. With prospects for a further decline in Choice cattle prices this fall as marketings of nonfed cattle increase, farm-retail spreads may exceed the August level. Marketing spreads for pork also reached record highs in August and may continue to widen this fall as a result of strong demand and continued small supplies. An 8 percent smaller potato

<sup>1</sup> The farm-retail spread, the difference between the retail cost and farm value of a market basket of U.S. farm-originated foods, is an estimate of total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket. The market basket represents the average quantities of those foods purchased annually per household in 1960-61. Retail cost of these foods is based on an index of retail prices for domestically produced farm foods, a component of the Consumer Price Index, published by the Bureau of Labor Statistics. The farm value is the payment to farmers for equivalent quantities of food products minus allowances for byproducts.

**Food Marketing: Farm-retail price spread, input prices, hourly earnings, interest rates, and profit rates**

Year	Farm-retail price spread	Intermediate goods and services <sup>1</sup>			Hourly earnings <sup>2</sup>	Interest rates <sup>3</sup>	Profit rates		
		Total	Containers, packaging	Fuel, power and light			Food retailers <sup>4</sup>		Manufacturers <sup>5</sup>
							15 leading chains	Excluding A&P	
		1967=100			Dollars	Percent	Percent of sales		
1970	113.4	113	108	108	3.03	8.48	1.04	1.08	2.5
1971	116.5	120	113	120	3.24	6.32	.94	1.09	2.6
1972	118.9	126	117	126	3.45	5.82	.47	.77	2.6
1973	126.4	134	123	138	3.66	8.30	.73	.85	2.6
1974	152.0	159	151	202	3.99	11.28	.37	.89	2.9
1973									
I	119.0	130	120	131	3.60	6.52	.43	.55	---
II	124.4	134	123	135	3.63	7.35	.70	.83	---
III	124.6	136	124	139	3.67	9.24	.46	.60	---
IV	137.7	140	126	151	3.75	10.08	.89	1.06	3.0
1974									
I	141.5	148	131	175	3.85	9.91	.85	.89	2.7
II	154.6	155	145	200	3.94	11.15	.78	.82	2.7
III	153.4	166	161	212	4.04	12.40	1.09	1.24	3.2
IV	157.5	170	169	220	4.14	11.64	.61	.65	3.0
1975									
I	166.3	176	173	231	4.27	9.94	-1.00	.83	2.4
II	162.0	178	174	237	4.34	8.16	.67	.85	3.3

<sup>1</sup> Represents all goods purchased by food marketing firms except raw materials and plant and equipment, and all services except those performed by employees, calculated from wholesale price relatives. <sup>2</sup> Weighted composite of production employees in food manufacturing and nonsupervisory employees in wholesale and retail trade, calculated from data of the U.S. Department of Labor. <sup>3</sup> Bank rates on short-term business loans in 35 centers, Department of Commerce. <sup>4</sup> Compiled from "Moody's Industrial Manual." Two series are shown because of the low profit levels of A&P in recent years and the substantial loss incurred in 1974 due to the establishment of a reserve to cover expected losses from its planned closings of stores. <sup>5</sup> Compiled from "Quarterly Financial Report for Manufacturing Corporations" published by the Federal Trade Commission. Data since the fourth quarter of 1973 are imperfectly comparable with prior data because of changes in accounting methods.

crop in prospect this fall suggests firm to strong prices this fall and winter accompanied by widening marketing spreads.

Prices and costs of goods and services in the nonagricultural sector of the economy largely determine trends in price spreads for food products. During the past 2 years, large increases have occurred in costs of packaging, transportation, energy, and most other inputs used by food marketing firms. However, price increases for some inputs slowed in the first half of 1975, as inflationary forces in the economy eased.

Prices of intermediate goods and services purchased by food marketing firms went up about 5 percent from the fourth quarter 1974 to the second quarter 1975, compared with almost 11 percent for the same period a year earlier. Prices of packaging materials, which account for almost a tenth of total marketing costs, held almost steady following the substantial boost last year. Energy costs continued to go up, but the rate slowed markedly. Interest rates on short-term loans declined during the first half of the year but appear to be headed up again this fall, raising the cost of financing inventories and other capital outlays.

The largest expense of food marketing firms is direct labor costs. Increases in hourly earnings of food processing, wholesaling, and retailing employees the past year have

been about 9 percent, compared with an average annual rate of a little over 6 percent since 1970. The rate of increase in earnings slowed slightly in the first half of this year compared with a year earlier, but rising labor costs continue to exert upward pressure on farm-retail spreads.

Higher operating costs account for most of the increase in farm-retail spreads over time. Profit-to-sales ratios for leading food chains the first half of this year, excluding A&P which had a large write-off due to store closings, were almost unchanged from a year earlier at 0.85 percent of sales. Profit ratios for food manufacturers averaged slightly higher in the first half of this year than a year ago, and the second quarter ratio of 3.3 percent of sales was substantially higher than a year earlier. (Henry Badger and Denis Dunham).

#### Rail Freight Rates Continue to Climb

According to new U.S. Department of Labor rail freight rate indexes, the cost of shipping farm and food products by rail increased about 11 percent between January and August 1975. Increases were similar to those recorded for all rail freight. The higher rates reflect several hikes, including a 7 percent increase permitted by the ICC in April 1975. A similar increase was allowed in June

for export grain which had been exempted in April. Finally, a 5 percent general rate increase, primarily to cover higher labor costs, became effective in June 1975.

While shippers of farm and food products have seen an upward trend in rates in recent years, increases in the first half of 1974 were particularly sharp. Rate increases during that period granted by the ICC for domestic grain shipments amounted to more than 21 percent. ICC also granted increases of nearly a third in export grain rates in 1974. Nearly half of these increases were earmarked for improvements in facilities and tracks and for equipment purchases. Some of the higher rates allowed have apparently not been implemented by the railroads.

Freight rate increases are expected to moderate in coming months. However, rail rates will necessarily keep pace with increases in labor and other operating costs incurred by railroads. The generally deteriorated financial condition of many railroads will not permit them to absorb significant cost increases.

#### Truck Rates Increase More Slowly Than Rail

The higher rail rates and decreased rail service for perishables continue to cause further increases in fruit and vegetable ship-



ments by truck. Data on unloadings at 41 major market cities across the country indicate that nearly four-fifths of such perishable commodities arrived by truck during 1974, up from two-thirds in 1965.

Truck rates have tended to move upward, according to limited sample data. However, increases in truck rates have apparently been both slower and less consistent among origin and destination areas and commodity classes than have rail rates. For example, truck

rates for delivery of a tray-packed carton of apples from Yakima, Washington, to New York City rose from about \$1.88 in January 1974 to about \$2.00 in December last year and to \$2.05 in July 1975. Rates for lettuce shipments from California's Imperial Valley to New York City increased sharply in early 1974 but have been fairly stable since then. Shipment costs for Idaho potatoes to most destinations increased, while rates for Maine potatoes to Boston and New York were

fairly stable between early 1974 and mid-1975.

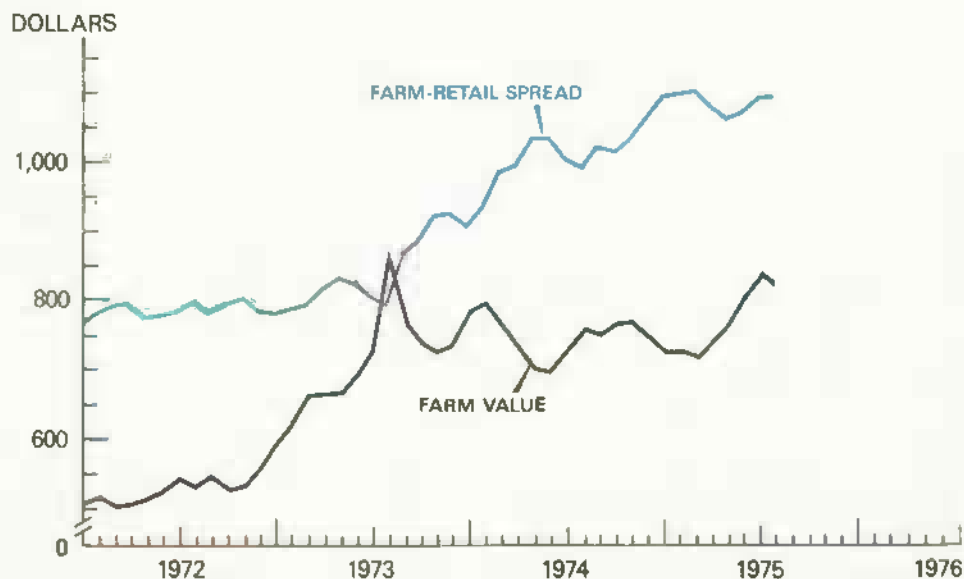
Rates for truck movements of unregulated agricultural commodities are flexible and thus generally reflect the interaction between equipment supply and the demand for service. The general adequacy of equipment has tended to limit rate increases during recent months. However, as truckers' costs and fuel prices continue to increase, some further upward adjustments in truck rates are likely.

### Rail Freight Rate Indexes

Year	Farm products	Food products	All rail freight
1969=100			
1969	100.0	100.0	100.0
1970	108.3	108.9	108.8
1971	120.8	122.4	122.4
1972	123.4	126.2	126.1
1973	125.2	128.8	129.3
1974	145.3	148.9	149.7
1975			
Jan.	154.0	157.1	158.3
Feb.	154.0	157.1	158.3
Mar.	153.8	157.1	158.3
Apr.	153.8	157.1	158.3
May	159.5	166.1	165.8
June	160.5	166.2	165.9
July	170.9	174.3	175.2
Aug.	171.7	174.9	175.6

Source: Fehd, Carolyn S., *Introducing Price Indexes for Railroad Freight*, Office of Prices and Living Conditions, Bureau of Labor Statistics, U.S. Department of Labor, and monthly releases for 1975.

### FARM-RETAIL SPREAD WIDENS\*



\* THE SPREAD IS THE GROSS MARGIN RECEIVED BY MARKETING FIRMS FOR ASSEMBLING, PROCESSING, TRANSPORTING, AND DISTRIBUTING A MARKET BASKET OF FOOD. THE FARM VALUE IS THE GROSS RETURN TO FARMERS FOR EQUIVALENT AMOUNTS OF THESE FOODS.

### Rail Grain Shipments at High Level

The usual seasonal slackening of grain shipments by rail appears to have been interrupted during late August this year. Heavy exports and attempts by some shippers to move grain before new crop soybeans and corn are harvested may explain the steady flow of grain.

Except for the week including Labor Day, about 31,000 railcars have been loaded with grain each week since mid-August. By mid-September, loadings were again near the peak of about 32,000 that occurred in mid-July. Nearly 43 percent more cars were loaded with grain in the second week of September than a year earlier.

Bumper harvests of wheat, corn, and soybeans and the heavy movement of grains and soybeans into the export market likely will mean a strong demand for railcars for these commodities into late fall. Although some local railcar shortages for grain shipments could occur, severe problems such as in 1973 appear unlikely. The Association of American Railroads and the Interstate Commerce Commission (ICC) are prepared to take remedial action should problems develop.

An important factor lessening the likelihood of problems for grain shippers has been the relative lack of competition for rail equipment from other sectors of the economy. Although total railcar loadings in August were about 15 percent below year-earlier levels, by mid-September they were down about 8 percent.

### Barge Shipments Heavy

Weekly barge shipments of grain from interior river points turned up in late August after declining seasonally in all but 1 week since mid-July. August shipments were somewhat above those of comparable weeks of 1973 and 1974.

As in earlier years, the Mississippi River system accounts for the bulk of barge movements. This year heavier-than-usual shipments on the Illinois River have also helped maintain barge traffic.

If traffic follows normal patterns, barge shipments of corn and soybeans can be expected to increase sharply following harvest. Record crops and strong exports should then hold barge movements at high levels until winter conditions restrict traffic flows on waterways. (Edward Reinsel and Jerome Hammond)



## INPUTS

Farm output will be at a record level this year and, with little change in total use of inputs, productivity—output per unit of input—is expected to be an all-time high, 7 percent above 1974.

Farmers continue to face higher prices for most input items, although increases have slackened some since earlier this year. August prices paid by farmers for production items—commodities and services, interest, taxes, and farm wage rates—averaged slightly above July and were 7 percent above a year earlier.

### Total Inputs Up Slightly; But Some Inputs Decline

Combined use this year of all farm inputs—labor, land, machinery and other purchased inputs—increased about 1 percent from 1974. But farmers purchased less of such inputs as fertilizer, feed, livestock, tractors and some other farm machinery.

Total hours of farm labor are expected to show a slight rise over 1974. An increase in cropland used for crops plus a stepped-up output per acre are the major factors for this rise.

Mechanical power and machinery will continue at the record level of 1974. Although farmers are purchasing fewer tractors and machines this year after 2 years of record purchases, they are continuing to buy larger equipment such as big, self-propelled combines.

Agricultural chemicals may remain over the 1974 record high. But a reduction in fertilizer use is anticipated.

The taxes and interest inputs are expected to increase, owing to a rise in taxes offsetting a slowdown in nonreal estate lending. (Donald Durost)

### Feeding Volume Down—Prices Mixed

Feed prices in mid-August were up about 3 percent from a month earlier with most

feedstuffs except hay showing gains. However, feed prices in mid-August averaged about 9 percent below a year earlier.

Total feed use is running well below a year ago and sales of manufactured feeds across the country have also tended to decline in many areas. Good pastures and harvesting activities were a main reason for the decrease in feeding. Purchased feed for hogs has been holding relatively steady while cattle feeds were generally off. Poultry and turkey feed volumes have been maintained over the past several months.

(Carl J. Vosloh, Jr.)

### Cotton Pesticides in Adequate Supply; Prices Lower

The pesticide application season for most major crops has been largely completed. However, cotton in the Delta is late and while growers normally discontinue insect spraying in early September, many will need to continue into early October this year. Cotton pesticides have been and continue to be in adequate supply and prices are down somewhat from last year. The price of methyl parathion is reported to be down about 15 percent from last year, and it has generally been available in separate formulations. Tobacco budworm on cotton is reported to be a problem in some areas of the Delta and Southeast.

While apple growers were concerned about the availability of Alar, a hormone used to extend the harvest season and improve storability, nearly adequate supplies are reported to be available. However, prices are nearly twice what they were last year. (Ted Eichers)

### Farm Machinery Situation Continues To Ease

Reduced demand, building inventories, and a further slowing of wholesale prices indicate a continued easing in the supply-demand situation for farm machinery. Sales of all major items except self-propelled combines were considerably lower during January-July this year than the year before. Sales of tractors and hay balers were both down nearly a fifth while forage harvesters were off roughly a third. Combine sales, however, increased 20 percent from a year ago, reflecting big grain crops and strong demand for combines.

July inventory levels for tractors were up 51 percent from the year before, while those of combines and forage harvesters were about the same. Stocks of hay balers were down 8 percent. (Stocks of wheel tractors rose 19 percent from December 1973 to May 1975 rather than the fourfold increase reported in last month's Agricultural Outlook).

The general slowing of demand has prompted manufacturers to lower their sales sights. Forecast sales of forage harvesters have been lowered about a fourth from expectations at the start of the year, while farm wheel tractors are down about a tenth, and combines and hay balers are off slightly. Unit sales for all of

1975 are likely to be well below year-earlier levels for most farm machinery items, although retail dollar volume is expected to be 5 percent above 1974 rather than the 10 percent gain anticipated earlier this year.

The rise in the wholesale price index for agricultural equipment continued to slow through August. The August 1975 index was up approximately 14 percent from a year ago, but less than 1 percent above the month-earlier level. Since January, agricultural equipment prices at wholesale have increased slightly over 3 percent, versus a 13-percent gain during the same 1974 period. (Duane Paul)



## GENERAL ECONOMY

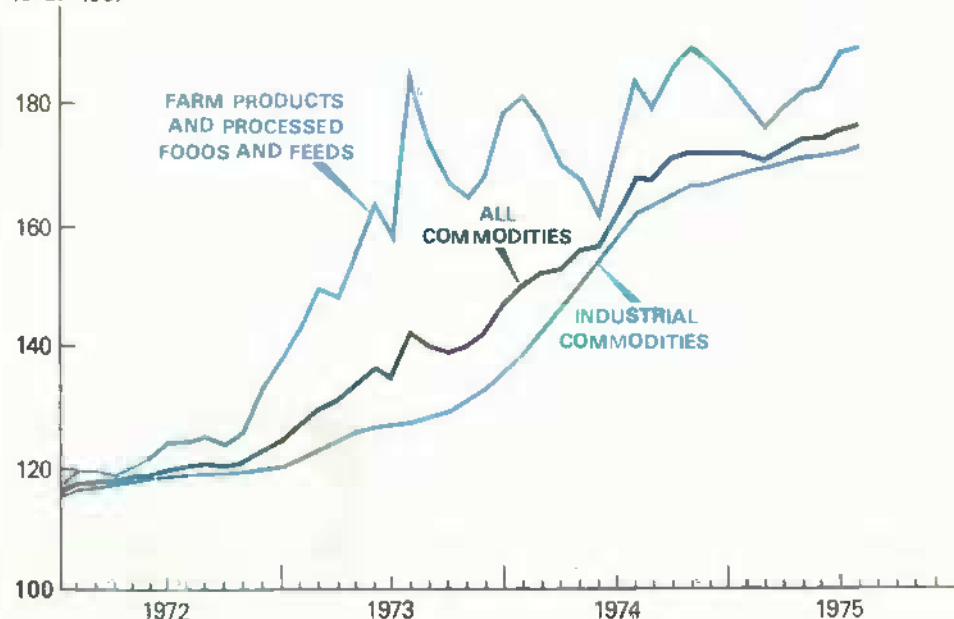
While the economic recovery appears to be proceeding more rapidly than expected, the June-July spurt in prices focused renewed attention on the inflation problem and added considerable uncertainty to the economic outlook. A fairly strong advance in real output is likely as the rate of inventory liquidation slows and industrial output increases in coming months, but subsequent economic recovery may be slowed by continuing price increases.

The current economic upturn began in the wake of the steepest decline since World War II. Even if output should expand at a reasonably rapid rate, most industries would be operating well below capacity well into 1976. Consequently, business spending for plant and equipment is not likely to increase significantly until a recovery is well established. Furthermore, although housing investment has stabilized recently, a sluggish market is likely to prevent a strong upturn in housing investment before sometime



## WHOLESALE PRICES CONTINUE UPWARD

% OF 1967



next year.

When inventories approach desired levels later this year, changes in final demand will become the major determinants of changes in the level of economic activity. With real fixed investment remaining weak for some time, real consumer spending will have to advance fairly rapidly if the recovery is to continue at a relatively fast pace after the inventory swing subsides.

As producers meet an increasing share of final demand from current production instead of inventories, expanding output and employment should provide a boost to consumer income in coming months. However, the rate of inflation will play a major role in determining whether increases in consumer income are reflected in substantial gains in consumer demand. Rapid inflation would not only dampen gains in real disposable income, but it also would inhibit the restoration of consumer confidence. Consequently, consumers would probably save a larger share of their incomes.

The sensitivity of real consumption expenditures to the rate of inflation indicates that price developments will play a crucial role in determining the strength of the recovery.

### Prices Mixed

Despite a slowing in the inflation rate as measured by changes in both the Wholesale and Consumer Price Indexes in August, the August acceleration in wholesale prices of industrial commodities may be a significant indicator of future price developments.

Following a 1.2 percent seasonally adjusted increase in July, wholesale prices

rose 0.8 percent in August. The slower August advance resulted from a 0.7 percent seasonally adjusted drop in prices of farm products and processed foods and feeds, compared with a 4.7 percent gain in July. Prices of industrial commodities increased 0.6 percent in August following seasonal adjustment, compared with a 0.4 percent gain in July. The August advance in prices of industrial commodities was the largest since November 1974, and included an increase of nearly 3 percent in prices of fuels and related products and power.

The Consumer Price Index recorded a seasonally adjusted increase of 1.2 percent in July, the largest rise since September 1974, but the increase slowed to 0.2 percent in August. This slackening was primarily caused by lower food prices. Prices of nonfood items increased 0.6 percent in August, compared with 0.8 percent the preceding month and 0.5 percent in June. The August advance in nonfood prices was led by used cars, gasoline and motor oil, and apparel items.

### Employment Gain Continues

August brought additional indications of an improvement in labor market conditions. Employment continued to expand, although at a slower pace than in July. Both the average workweek and average weekly earnings of nonfarm production and non-supervisory workers increased in August.

Contrary to general expectations of an increase, the unemployment rate remained unchanged at 8.4 percent in August. Nonetheless, the unemployment rate is likely to decline only gradually as productivity increases in coming months.

Reported declines in the unemployment rate in June and July led to anticipations of an increase in August. The June decline was widely regarded as a statistical fluke resulting from a large seasonal adjustment to account for the entry of new graduates into the labor force. A large discrepancy between the household and the business employment surveys clouded the reported drop in the unemployment rate in July. This discrepancy narrowed in August, and it now appears that unemployment has actually declined more rapidly than expected.

### Industrial Output Surges

Output of the Nation's factories, mines, and utilities in August rose 1.3 percent from July, the largest month-to-month climb in almost 3 years. At 112.9 (1967=100), the index of industrial production rose for the fourth successive month, following sharp declines since last fall. Increases were fairly widespread across the economy, occurring even in business equipment which had been continually declining. (Arthur J. Malloy)



## WORLD AGRICULTURE AND TRADE

The world agricultural outlook continues more favorable than a year ago, although reductions in the estimates of the Soviet and U.S. grain crops since midsummer indicate tighter food supplies than expected earlier. Only a modest increase in world food production now seems in prospect; however, the rate of increase and level of output are still in keeping with the rising trend in world food output

over the past 2 decades.

World grain crops—although no longer expected to reach record highs and below the 1960/61-74/75 trend—are still likely to be well above last year's output. The deterioration in world wheat and coarse grain crop prospects since early summer has been concentrated in the countries which feed large amounts of grain to livestock. The production shortfalls in many of these major feeding countries—particularly the USSR and Western and Eastern Europe—are forcing adjustments in the form of stock drawdowns, reduced feeding, or increased imports.

#### Grain Stocks Down Outside the United States

The hoped-for buildup in world grain stocks—which were somewhere near minimum levels at the beginning of 1975/76—have been frustrated by production shortfalls and the smaller-than-expected availabilities in the United States. While U.S. grain stocks are likely to build during 1975/76, stocks elsewhere in the world will be drawn down even more from the near-minimum levels at the beginning of the year. Thus, global grain stocks at the close of 1975/76 are not likely to rise much.

#### U.S. Negotiating Long Term Sales Agreement With USSR

Because Soviet purchases of U.S. grain have been highly erratic over the years with resultant price instability, the United States is negotiating with the USSR for a long-term sales agreement for regular purchases of grain. Soviet purchases of U.S. wheat and feed grains have varied from 1.8 million tons last year to 13.7 million in 1972/73. The USSR

has purchased 10.2 million tons from U.S. exporters so far this year.

The existing moratorium on further grain sales to the USSR was extended till mid-October at which time another reading of our grain situation will be available. Also, U.S. labor officials agreed to lift their boycott on loading grain bound for Soviet ports for 1 month. The United States is completing negotiations with the Russians on the rates for shipping U.S. wheat to the USSR in U.S. flag ships.

Soviet agricultural prospects gradually deteriorated during most of the 1975 growing season. USSR gross grain import needs in 1975/76 are now estimated at around 25 million metric tons, based on a crop of 175 million tons and no major changes in utilization policy. As of September 2, total Soviet purchases of 15 million tons of grain had been announced. Bad weather also hurt the sunflowerseed crop, which now stands at about 6 million tons, under the 7.4 million planned for 1975. The Soviet cotton crop is expected to about equal the 8.4 million bales produced in 1974. Livestock production continues to increase over 1974 as the Soviets are giving priority to increased beef consumption.

U.S. exports to the Soviet Union are expected to total around \$2 billion in fiscal 1976, mostly consisting of grains.

#### Elsewhere in the World:

Western Europe's grain crop estimate has been reduced to a total of 133 million metric tons, roughly 7 million tons short of last year's record harvest. The decline in production is largely a result of adverse weath-

er. Coarse grain production, while down in the European Community (EC), should be up about 1 million tons in the non-EC countries. West European demand for protein feed should continue to rise this year, stimulated by anticipated improvements in the livestock sector. Beef and veal production in 1975 should approximate that of 1974.

Demand for U.S. soybeans should rise in Western Europe. The EC is expected to follow a rather cautious grain export policy in 1975/76 in order to assure adequate supplies for its members. On August 19, the EC reintroduced export levies for some grains. U.S. agricultural exports to Western Europe should total about \$6½ billion in fiscal 1976, down from \$7.2 billion in fiscal 1975.

Canada's official crop forecast indicates this year's wheat crop will total 16.2 million tons, up 22 percent from last year. Canada has sold 3.75 million tons to the Soviet Union. U.S. exports to Canada should total some \$1½ billion, about the same as last year. Fruits, vegetables, and soybeans are some of the main exports from the United States.

Australia faces a serious cost-price squeeze in its livestock sector. Production costs are up about one-third and livestock prices are at record lows—down two-thirds since 1974.

New Zealand has excessive supplies of non-fat dry milk and stocks have risen to 160,000 tons, from practically nothing in 1974. Some of the excess will be exported to developing countries at half the support price. U.S. exports to Australia and New Zealand should total about the same as last year—\$100 million.

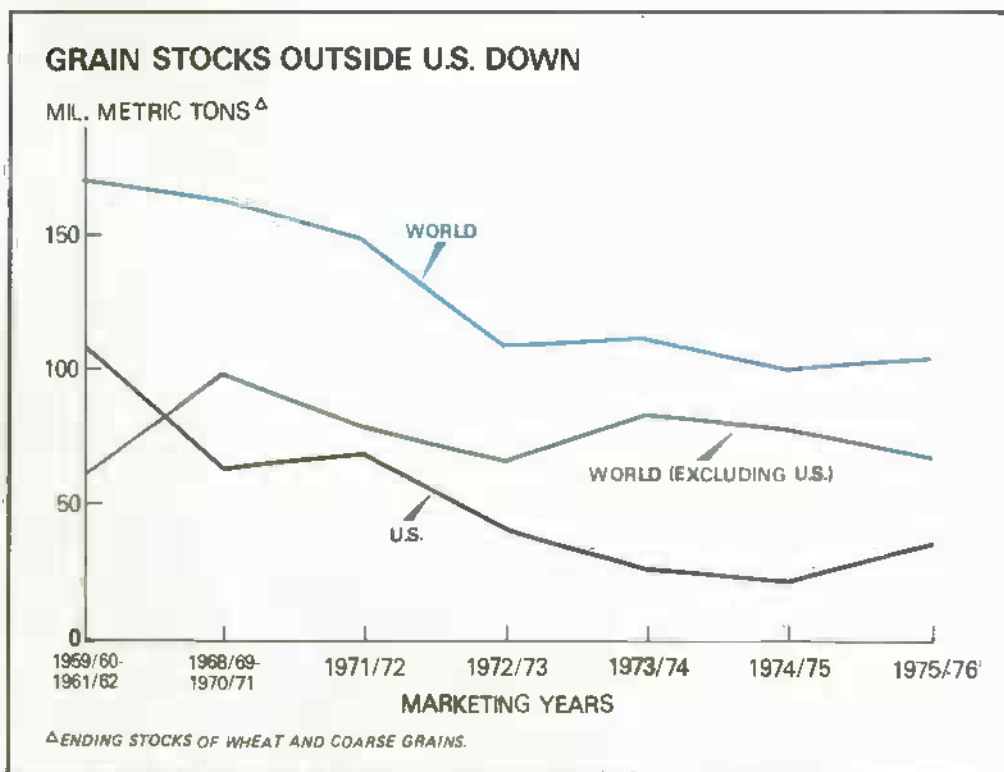
Japan's demand for U.S. agricultural exports has been dampened by the economic recession with its annual rate of inflation at 25 percent. It now appears to be down to about 12 percent and certain economic indicators suggest that their recession is over. Japan is expected to take slightly more U.S. farm products than last year's \$3.2 billion.

This year's harvest outlook in Eastern Europe was promising until June when floods as well as drought caused serious damage to crops. The United States is expected to capture a slightly larger share of the East European import market in fiscal 1976 as Soviet export availabilities are curtailed. In all, our farm sales to the area may total about \$600 million this fiscal year.

The Peoples' Republic of China will have a 1975 grain crop that exceeds the 260 million tons produced in 1974, providing the weather is good. Because of this favorable outlook, PRC agricultural imports are continuing to decline. Presently, the United States is not exporting any major agricultural goods to the PRC.

Africa - Crop conditions across Africa appear to be much improved in 1975 over the early 1970's. However, the region will still need to import about \$1.2 million worth of agricultural products from the United States in fiscal 1976, about the same as last year.

Political trouble in Angola will probably prevent much of this year's large coffee crop





from being picked. Most other countries in Africa producing coffee expect good crops. In the Republic of South Africa, poor weather has cut the grain crop and exports from there will drop. Morocco and Algeria are experiencing below-average grain production, but Tunisia had a good harvest. These three countries will probably import about 3.3 million tons of wheat, a little over last year's requirement. Egypt will still be a large importer of food. The Sahel is no longer deemed a crisis area.

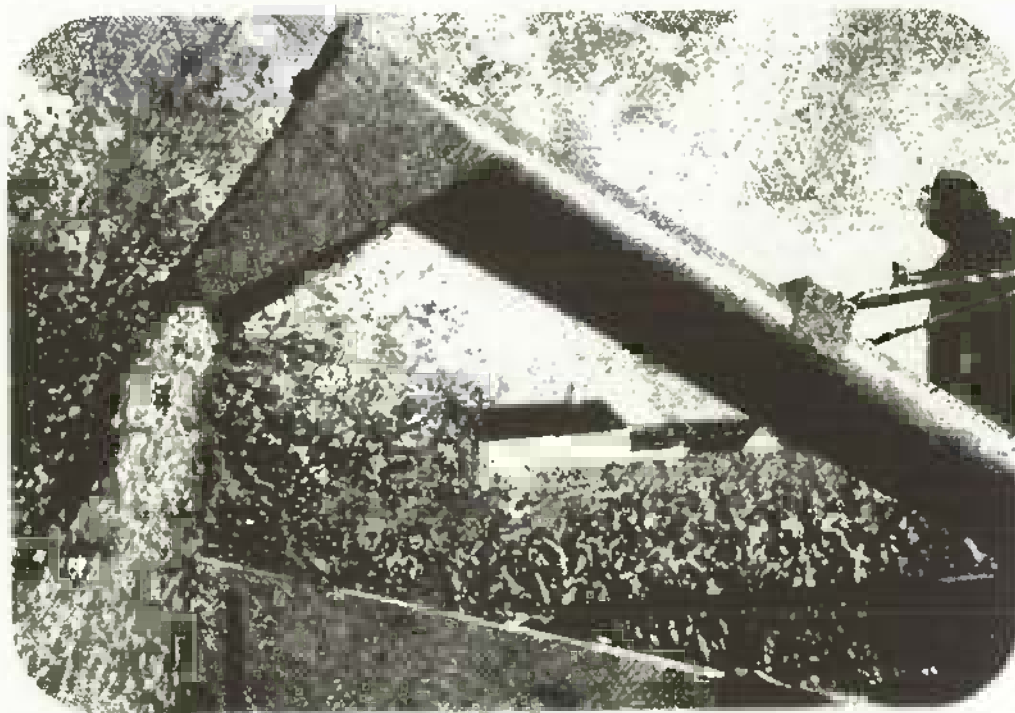
**West Asia** - The oil-rich countries continue to import more and more agricultural commodities. Better food is being demanded and U.S. agricultural exports to West Asia in 1975 may reach \$1½ billion, compared with \$1.3 billion in 1974 and \$0.3 billion in 1972.

**Latin America** - Agricultural production will be somewhat restricted in Argentina, Brazil, the Caribbean, and Central America. Weather damaged coffee, sugar, tobacco, and several other crops throughout these countries. Conditions were more favorable for crops in Chile, Colombia, Ecuador, and Venezuela. The region still remains a large importer of U.S. agricultural goods which should total about \$2 billion in fiscal 1976, down somewhat in value from 1975 due to lower prices for grains and oilseeds.

**Asia** as a whole should have well above-average harvests, with the overall output topping 1974. Rice production is expected to be up in most countries. However, because of a drawdown in stocks and shortfalls in self-sufficiency, total imports of food remain high. U.S. agricultural exports to South Asia should total a little under \$1½ billion and to Southeast Asia about \$2 billion in fiscal 1976. Prices are up for the region's agricultural exports such as coffee, tobacco, spices, palm oil, and sugar, thus providing necessary foreign exchange for imports.

#### Oil-Rich Nations Will Contribute More to IMF

The Organization of Petroleum Exporting Countries (OPEC) will be contributing a larger share of money to the International Monetary Fund (IMF) and World Bank, according to agreements reached in late August. The increased shares will make possible reductions in developed countries' quotas, with no change in the shares contributed by other developing countries. At the annual meetings of the two organizations in early September, it was decided that one-third of the IMF's gold holdings are to be disposed of, with half being returned to the original donors and half going to the developing countries for economic development. The United States announced it will contribute \$200 million to the new International Fund for Agricultural Development, provided that other countries will add their support for a combined goal of at least \$1 billion. (Dewain Rahe and Susan Tripp)



## IMPACTS OF AGRICULTURAL TRADE ON FOOD AND FIBER SECTORS OF THE U.S. ECONOMY

By Gerald Schluter  
National Economics Analysis Division  
Economic Research Service

U.S. agricultural exports have expanded sharply in recent years. The value of exports totaled \$21.6 billion last fiscal year, up more than threefold since 1970, and they may reach around \$22 billion in fiscal 1976.

Farm exports are of vital and direct importance not only to the U.S. farmer but to many other U.S. industries and to the economic health of the Nation as well. Production from more than a fourth of our cropland moves into export channels. An important share of many farm commodities ends up in the export market. In the coming year, the United States expects to export almost 60 percent of its wheat crop, around half of its soybeans, about a fourth of its corn, and some 40 percent of its cotton crop. Larger agricultural exports have been a major factor in improving the U.S. trade balance.

Farm product exports have benefitted both the farm and nonfarm sectors in terms of generating employment, incomes, and purchasing power. For example, farmers' purchases of fuel, fertilizer, and other inputs to produce the commodities moving into exports require additional economic activity on the part of our manufacturing, trade, and transportation sectors. And with additional income earned from exports, U.S. farmers are able to purchase more household appliances, farm equipment, building supplies,

and other capital and consumer goods. As a result, more purchasing power is spread throughout the total economy. Also, increases in trade and transportation stimulated by agricultural exports may boost investment in plants and equipment. As these sectors contribute output, they also receive income, thus illustrating the multiplier effect of agricultural trade.

The extent to which various sectors in the economy benefit from agricultural exports can be estimated by employing the input-output technique. The technique measures the interindustry (among sectors of the economy) transfer of goods and services required to satisfy domestic demand and export demand for various products. It allows us to estimate the impact of agricultural trade in stimulating additional economic activity—the multiplier effect. It also provides data showing economic activity impact on various sectors of the economy—such as trade, transportation, manufacturing, food processing, and so on. A basic assumption in this analysis is that exported commodities would not be produced unless an export market existed for them. Therefore, this type of analysis assumes an expansion in production occurs to provide for increases in foreign demand and thus has a minimal effect on domestic price levels. In the short run this may not be true, but it is likely valid in the long run situation. Without large overseas markets, U.S. farmers would be forced to cut back production as a result of market pressures and/or government controls.

## Exports Generate Added Business Activity

Agricultural products valued at \$22 billion were exported from the United States in calendar 1974. This was the value of farm exports at the port of shipment. At the farm level, the value of exported raw agricultural products was \$13 billion. At the plant gate, processed agricultural commodities were valued at nearly \$6 billion and transportation and trade services for raw and processed products added another \$3 billion.

However, though the direct value of exports was \$22 billion, these agricultural exports required total business activity of about \$43 billion to produce the exports themselves plus supporting goods and services, based on estimates from the input-output model. Thus, each dollar of agricultural exports stimulated an additional 96 cents of output in the U.S. economy—a multiplier effect of almost 2.

Therefore, supporting activity required to produce the goods and services exported in 1974 generated an additional \$21 billion worth of output. These additional activities included \$6 billion in the farm sector, \$2 billion in the food processing sector, \$5 billion from other manufacturing services, \$2 billion in trade and transportation, and \$6 billion from other services. Around 70 percent of the additional economic activity accrued to nonfarm sectors of the economy.

Thus, while the direct economic effect of our \$22 billion in agricultural exports was concentrated in the farming, food processing, trade, and transportation sectors, the benefits of supporting activity were well dispersed throughout the economy.

## Jobs For A Million Workers

In 1974, an estimated 1.2 million full-time civilian jobs were related to our agricultural exports. Of this total, around a half million U.S. farmworkers, or 14 percent of the total U.S. farm labor force, were required to produce 1974's agricultural exports.<sup>1</sup>

In addition, more than 650,000 nonfarm jobs were directly or indirectly related to the assembling, processing, and distribution of agricultural products for exports. Around 50,000 of the 650,000 jobs were in food processing; 300,000 in trade and transportation; 100,000 in other manufacturing sectors; and 200,000 in other services. Consequently, in 1974 some 4 percent of the work force producing food and kindred products and just under 1 percent of the non-agricultural civilian labor force were likely engaged in providing goods and services for agricultural exports.

## Agricultural Exports Pull U.S. Out of Trade Deficit

Agriculture's contribution to our balance of trade has increased substantially in recent years. Net exports of U.S. farm products

have increased from about \$1 billion in fiscal 1970 to \$12 billion in the fiscal year just ended. During fiscal 1975, net exports of agricultural commodities more than offset a \$10 billion deficit in nonfarm items, resulting in a \$2 billion net balance of trade.

This is a reversal from the early 1950's when agricultural trade was in a deficit position and nonagricultural trade was causing a positive total trade balance. In those years, nonagricultural items posted a \$4 billion positive trade balance while agriculture was running a deficit of about a \$1 billion. Over the years, steady increases in agricultural exports along with growth of nonfarm imports have turned that situation around.

## Agricultural Imports Also Impact on U.S. Output

To provide a total picture of the economic effects of agricultural trade, it is also necessary to estimate the impact of agricultural imports on our business activity. An input-output analysis can also be applied to the value of imports although the analysis is applied in reverse, that is to say imports which could have been produced in the United States but were in fact imported, reduce the level of output, income, and employment below what it would have been. This is not to imply that such commodities should not have been imported. The very fact the commodities were imported implies that to someone imported agricultural commodities held some advantage because of tastes, costs, or availability and to deny imports would be to deny these advantages to these individuals. Yet it is useful information to know the implicit income and employment effects involved in obtaining these advantages. For the import effects to be direct-

ly comparable to the export effects, it must be assumed that imports are indistinguishable from domestically produced commodities and that the productive capacity exists within the domestic economy to produce these commodities. These assumptions are, of course, not always true. In fact, several exceptions stand out. Wine consumers may prefer the option of imported wines. Likewise, meeting our sugar demand with domestic production would require a significant expansion in sugar production and beet sugar refining capacity. However, the assumptions do provide a basis for analyzing the impacts on various sectors of the economy.

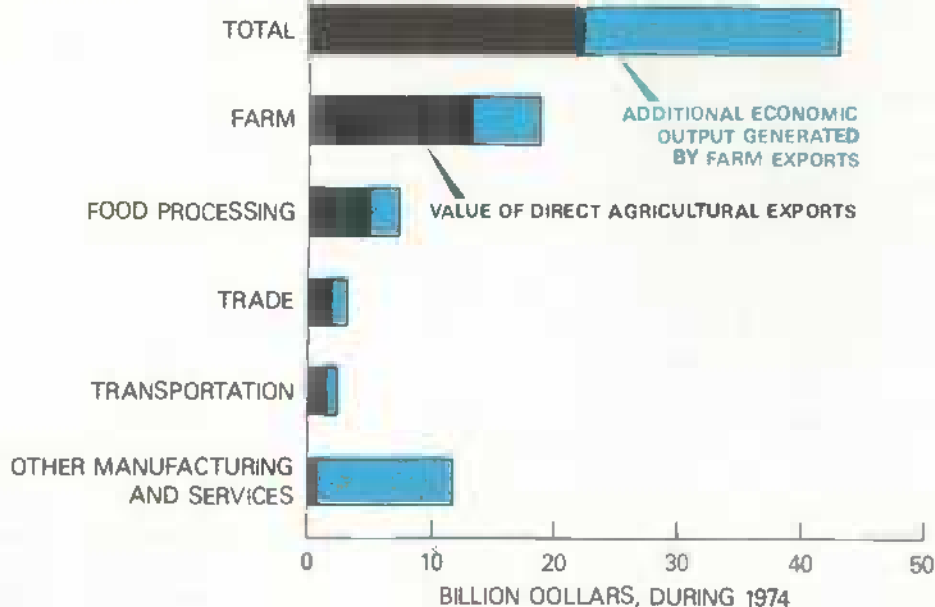
In 1974, we imported about \$10.2 billion worth of agricultural commodities. Some \$3.2 billion of this total was for imports of complementary items, those products such as bananas, coffee, and tea that do not compete directly with our agriculture. On the other hand, around \$7 billion in imports were supplementary items, commodities that are competitive with U.S. agriculture such as meat, dairy products, fruits, nuts, vegetables, sugar, and wines.

The supplementary imports of the United States are primarily processed or partially processed foods. In fact, processed foods along with trade and transportation services associated with supplementary imports accounted for nearly nine-tenths of the \$7 billion worth of supplementary agricultural imports in 1974. Conversely, our export market tends to be more for raw agricultural products, such as grains and soybeans.

Within the food processing sector, the meat products and sugar refining sectors accounted for around two-thirds of the value of imports. But while the producer's value (value at processing plant) of imported meat

## FARM EXPORTS STIMULATE ADDED ECONOMIC ACTIVITY

### SUBSECTOR



<sup>1</sup> These data are comparable with a BLS estimate for 1972 of 479,000 farm jobs related to farm exports, 12 percent of the U.S. farm labor force.



products was nearly offset by the producer's value of exported meat products, this was not the case with sugar, for which the United States is a large net importer.

Only the supplementary imports which are directly competitive with U.S. agriculture were included in the input-output analysis of the import effect on the economy.

Assuming consumer preferences allowed and the capacity existed to produce our supplementary agricultural imports domestically, the equivalent domestic effect of these \$7 billion worth of imports as well as their supporting goods and services were estimated at around \$17-1/2 billion in 1974. That is, for each dollar of imports, roughly a dollar and a half of supporting goods and services would have been needed if those imported items were produced domestically—an output multiplier of about 2-1/2.

The multiplier effect of imports is larger than that for exports because the product mix of our imports contains relatively more processed or partially processed foods while the product mix of our exports contains relatively more raw agricultural commodities.

The distribution among subsectors of the food and fiber sector of the equivalent domestic effect of agricultural imports and implied supporting goods and services was quite different than for the direct effects. Although nearly three-fourths of the direct effect impacted on the food processing group, this group only felt about two-fifths of the total implied domestic effect. The farm share of the \$17-1/2 billion total effect was around a fourth. Other manufacturing, transportation and trade services, and other services each had about a tenth of the total.

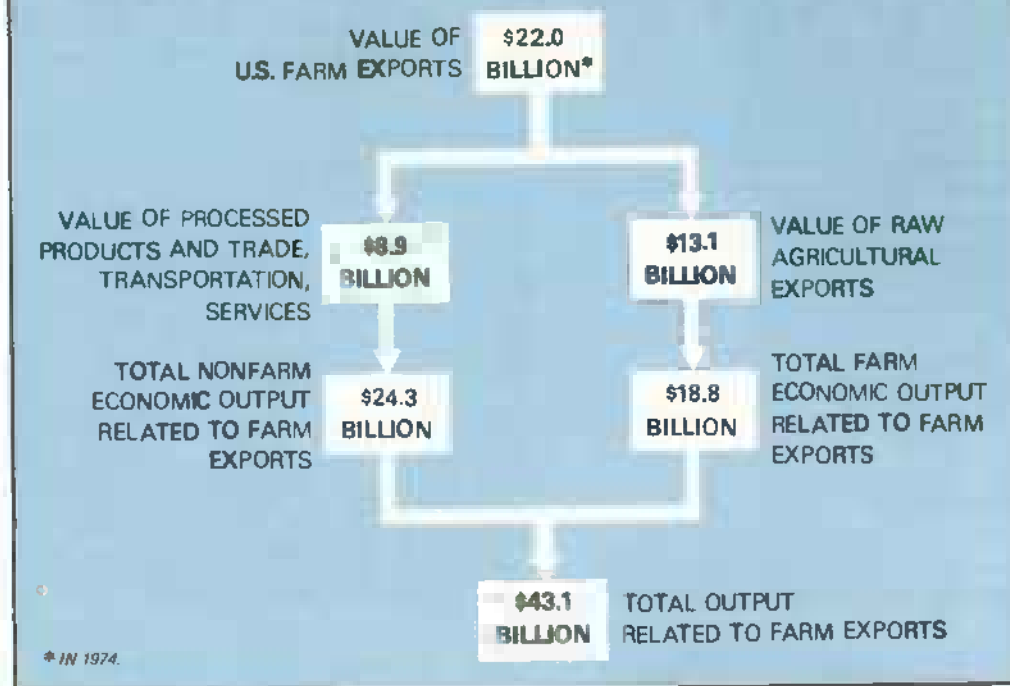
#### Agricultural Trade Benefits U.S. Economy

The direct balance of farm trade in 1974 was around \$12 billion—\$22 billion in exports less \$7 billion in supplementary (competitive) imports and \$3 billion in complementary (noncompetitive) imports. However, considering the additional business activity needed to produce the supporting goods and services for exports together with the output lost by importing supplementary farm products reveals a different picture. On this basis, the 1974 net trade balance for agriculture would have been an estimated \$22-1/2 billion, which represents the \$43 billion of total output generated by farm exports less \$20-1/2 billion (including complementary imports) of agricultural imports.

This positive effect from agricultural trade occurs for most sectors of the economy. The farm sector's \$18.8 billion worth of output directly or indirectly attributed to agricultural exports more than offset the \$4 billion of farm output implicitly represented in supplementary agricultural imports.

Similarly, considering the whole economy except farming and food processing reveals a \$2.8 billion net benefit from trade and nearly \$12 billion greater output due to agricultural exports than the domestic output for-

### FARM EXPORT IMPACTS FLOW THROUGH U.S. ECONOMY



gone from supplementary agricultural imports. The food processing group is the sole exception to this pattern of large net benefits from foreign agricultural trade.

Taken as a group, some employment and income is lost in the food processing subsector as a result of our foreign agricultural trade, but the food processing subsectors other than sugar were net gainers from foreign agricultural trade. On direct trade, the food processing group had a \$300 million deficit and on total output the sector was a net loser of \$700 million in 1974. However, much of this deficit was represented by sugar refining which was a net importer by \$2.1 billion and had an implicit output deficit of \$3.5 billion.

#### Farm Sector Receives Much of Income Benefit

Some of the business activity stimulated by foreign trade includes inputs purchased from other sectors. While \$1 of agricultural exports in 1974 generated nearly \$2 in total (direct and supporting) economic activity, only \$1 could really be counted as income to wage earners, profits, and taxes. Thus, the \$22 billion of agricultural exports generated \$43 billion of total economic activity, but only \$22 billion worth of income in form of wages, profits and taxes. The distribution of these income effects showed a different pattern for exports and imports.

The share of total income attributed to agricultural exports and supplementary imports going to the nonfarm nonfood processing part of the economy is similar—nearly half in each case. The distribution of the remainder within the farm and food processing part of the economy differs markedly.

Forty-five percent of the total income stream from agricultural exports was received by the farm sector, while the food processing sector received 6 percent. This reflects the importance of raw agricultural commodities in the export bill of goods.

The total income effect of supplementary imports (a lower level than exports) is more evenly divided between the farm and food processing sectors, with each getting slightly more than a fourth. This reflects the relatively greater importance of processed food products in the supplementary import bill of goods.

#### Was 1974 a Typical Year?

A useful perspective on these 1974 estimates of foreign trade impacts may be obtained by comparing similar estimates for 1973. In 1973, \$17.7 billion of agricultural exports generated about \$36 billion of direct and supporting economic activity in the U.S. economy. The 1974 trade level of \$22 billion and general economic activity benefit of \$43 billion was higher because of price increases.

A similar situation existed for imports. The domestic equivalent of 1973 supplementary agricultural imports was \$5.6 billion, versus a 1974 estimate of \$7 billion. Measured in current dollars, this was close to a 20 percent increase, although in constant dollars our supplementary imports declined nearly 2 percent.

Because the constant dollar level of economic activity related to agricultural trade was similar in both years, the employment effect of agricultural trade was nearly the same in both 1973 and 1974. This was true because employment levels are influenced by volume of output rather than value.

# STATISTICAL INDICATORS

Farm Production <sup>1</sup>	1970	1971	1972	1973	1974	1975 <sup>2</sup>
	1967=100					
Farm output	101	111	110	112	106	113
All livestock products <sup>3</sup>	105	108	108	105	106	104
Meat animals	108	112	110	108	110	107
Dairy products	100	101	102	98	98	98
Poultry and eggs	106	107	109	106	106	102
All crops <sup>4</sup>	101	112	113	120	110	121
Feed grains	89	116	112	115	92	113
Hay and forage	100	106	105	109	104	105
Food grains	91	107	102	113	120	141
Sugar crops	114	117	128	112	107	128
Cotton	139	145	187	175	157	125
Tobacco	97	86	88	88	100	112
Oil crops	117	121	131	155	129	145
Cropland used for crops	98	100	98	104	106	107
Crop production per acre	104	112	115	115	104	113

Prepared jointly by Economic Research Service and Statistical Reporting Service.

<sup>1</sup>For historical data and explanation of indexes, see, "Changes in Farm Production and Efficiency," USDA Statistical Bulletin No. 233. <sup>2</sup>Preliminary indexes for 1975, based on the September 1975 "Crop Production" report and other releases of the Crop Reporting Board, SRS. <sup>3</sup>Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. <sup>4</sup>Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output.

Prices received and paid by farmers, U.S. average	1974						1975							
	Annual	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	1967=100													
Prices received														
All farm products	184	185	181	186	182	178	172	168	165	170	178	182	187	187
All crops	214	220	219	230	225	214	201	192	185	188	189	192	199	201
Food grains	299	272	277	308	312	297	266	259	241	243	230	199	224	252
Feed grains and hay	242	269	268	282	279	273	259	241	226	231	234	228	228	243
Feed grains	246	277	275	291	289	282	266	245	228	232	232	226	229	247
Cotton	227	237	243	228	223	194	163	144	150	142	161	163	179	190
Tobacco	148	154	161	166	164	167	163	166	166	166	166	166	150	156
Oil-bearing crops	230	259	254	284	267	254	231	214	195	203	189	186	197	205
Fruit	143	156	153	160	138	127	135	132	140	141	154	161	161	147
Fresh market	141	155	151	160	133	119	126	124	134	135	155	164	165	145
Commercial vegetables	144	145	147	158	158	154	163	171	162	169	163	190	182	155
Fresh market	156	145	145	164	168	159	170	188	172	179	174	219	208	162
Potatoes, sweet potatoes, and dry edible beans	293	255	210	207	204	187	183	174	168	177	191	287	328	275
Livestock and products	164	161	155	156	153	153	153	151	152	157	171	176	180	179
Meat animals	165	170	152	151	145	146	145	144	146	159	182	190	194	188
Dairy products	160	148	155	159	162	158	159	159	157	155	154	153	156	163
Poultry and eggs	162	148	167	167	173	177	176	170	168	153	158	158	167	173
Wool	146	132	123	125	115	109	102	89	83	99	120	124	121	116
Prices paid for commodities and services; interest, taxes, and wage rates	169	173	175	177	179	180	180	180	179	182	183	185	186	187
Prices paid	167	172	175	175	178	179	178	177	176	179	181	183	184	186
Family living items	161	164	166	167	171	173	173	175	173	173	175	176	178	179
Production items	172	179	182	183	183	184	182	180	179	185	187	190	190	192
Feed	192	208	204	211	210	207	202	192	182	185	185	183	183	189
Feeder livestock	144	138	122	119	112	113	105	103	109	123	133	140	127	124
Interest per acre on farm real estate debt	222	222	222	222	222	222	263	263	263	263	263	263	263	263
Taxes per acre on farm real estate	150	150	150	150	150	150	156	156	156	156	156	156	156	156
Wage rates (seasonally adjusted)	176	176	176	185	185	185	187	187	187	187	187	187	189	189
Production items, interest, taxes, and wage rates	174	179	181	184	185	185	185	183	183	187	189	191	191	192
Prices received (1910-14=100)	467	470	460	473	463	451	438	427	420	431	452	463	476	476
Prices paid, etc. (1910-14=100)														
(Parity index)	578	591	599	606	613	616	617	615	612	621	627	632	636	639
Parity ratio	81	80	77	78	76	73	71	70	69	69	72	73	75	74



Cash receipts from farming	1974							1975						
	Annual	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
	\$Mil.													
Farm marketings and CCC loans: <sup>1</sup>	93,521	7,395	7,444	8,043	11,767	10,044	7,975	8,836	5,818	5,783	5,575	5,750	6,284	7,913
Livestock and products	41,424	3,227	3,424	3,251	3,719	3,206	3,125	3,339	3,011	3,157	3,436	3,694	3,610	3,702
Meat animals	25,257	1,941	2,139	1,979	2,367	1,916	1,785	2,025	1,789	1,822	2,130	2,300	2,236	2,255
Dairy products	9,399	748	723	704	735	719	745	755	719	811	807	845	808	793
Poultry and eggs	6,285	496	526	534	582	540	559	523	469	492	461	510	526	615
Other	483	42	36	34	35	31	36	36	34	31	38	39	40	39
Crops	52,097	4,168	4,020	4,792	8,048	6,838	4,850	5,497	2,807	2,626	2,139	2,056	2,674	4,211
Food grains	9,276	1,178	938	1,249	1,535	633	531	734	346	269	244	286	927	1,550
Feed crops	13,882	1,183	1,186	1,013	1,791	1,674	1,214	2,022	958	714	569	558	606	1,008
Cotton (lint and seed)	2,975	27	58	92	502	659	463	326	146	134	261	161	93	95
Tobacco	2,146	171	324	383	314	311	439	218	17	1	11	15	3	262
Oil-bearing crops	9,604	533	425	576	2,240	1,505	693	1,361	624	681	236	271	139	253
Vegetables and melons	5,358	449	535	754	807	423	254	279	240	289	280	302	399	453
Fruits and tree nuts	3,476	343	287	379	423	377	315	196	198	221	203	205	330	361
Other	5,380	284	267	346	436	1,256	941	361	278	317	334	259	178	230
Government payments	530	24	35	60	109	84	125	140	150	96	57	32	14	26
Total cash receipts <sup>2</sup>	94,051	7,419	7,479	8,103	11,876	10,128	8,100	8,976	5,968	5,879	5,632	5,782	6,298	7,939

<sup>1</sup> Receipts from loans represent value of loans minus value of redemptions during the month. <sup>2</sup> Details may not add to totals because of rounding.

Cash receipts <sup>1</sup> from farm marketings, by States, January-July	Livestock and products		Crops <sup>2</sup>		Total <sup>2</sup>	
	1974	1975	1974	1975	1974	1975
	\$mil. <sup>3</sup>					
<b>NORTH ATLANTIC</b>						
Maine	131.8	137.2	152.2	63.4	284.0	200.5
New Hampshire	30.1	28.8	10.2	9.5	40.3	38.4
Vermont	118.3	111.6	10.5	9.9	128.8	121.5
Massachusetts	60.3	58.0	41.3	47.3	101.6	105.3
Rhode Island	6.7	6.4	6.7	4.4	12.4	10.8
Connecticut	73.8	68.1	47.6	57.8	121.5	125.8
New York	628.0	598.4	202.2	185.5	830.1	783.9
New Jersey	67.1	62.1	101.4	98.8	168.5	160.9
Pennsylvania	652.7	614.3	243.4	218.3	896.1	832.6
<b>NORTH CENTRAL</b>						
Ohio	570.3	673.8	735.0	1,039.6	1,305.3	1,613.4
Indiana	682.6	705.5	879.4	812.1	1,562.0	1,517.7
Illinois	1,048.4	1,063.7	2,282.9	1,970.8	3,331.3	3,034.6
Michigan	420.1	398.3	453.5	424.3	873.6	822.6
Wisconsin	1,216.4	1,167.9	237.1	226.0	1,453.5	1,393.9
Minnesota	1,183.2	1,126.5	1,342.5	905.5	2,525.7	2,031.9
Iowa	2,228.4	2,270.8	1,940.6	1,728.1	4,169.0	3,998.7
Missouri	942.1	919.4	531.6	492.0	1,473.7	1,411.5
North Dakota	271.6	229.1	1,106.9	634.3	1,378.6	863.4
South Dakota	796.0	760.4	465.1	305.8	1,261.0	1,066.2
Nebraska	1,386.7	1,360.2	991.1	874.4	2,377.8	2,234.6
Kansas	1,189.8	1,057.7	1,108.4	1,216.6	2,298.2	2,274.3
<b>SOUTHERN</b>						
Delaware	92.1	96.7	31.9	28.1	124.0	124.8
Maryland	222.5	227.9	100.7	108.5	323.2	336.4
Virginia	256.3	261.3	167.9	147.2	424.2	408.5
West Virginia	54.5	51.6	15.8	16.8	70.3	68.4
North Carolina	536.0	543.5	349.5	334.1	885.5	877.6
South Carolina	146.2	145.4	217.9	249.2	364.2	394.6
Georgia	589.1	591.1	274.6	345.4	863.7	936.5
Florida	327.3	330.8	1,147.1	1,373.8	1,474.4	1,704.6
Kentucky	350.6	334.8	267.9	293.0	618.4	627.7
Tennessee	277.4	249.3	144.6	158.3	422.0	407.6
Alabama	387.0	419.9	178.6	222.1	565.6	642.0
Mississippi	341.1	346.5	303.3	300.9	644.3	647.4
Arkansas	469.2	479.3	459.9	456.5	929.1	935.8
Louisiana	200.7	205.7	185.6	291.6	386.4	497.3
Oklahoma	688.9	568.3	428.5	465.1	1,117.4	1,033.4
Texas	1,784.7	1,593.8	1,483.1	1,340.0	3,267.8	2,933.8
<b>WESTERN</b>						
Montana	174.7	150.7	331.0	260.8	505.7	411.5
Idaho	250.3	237.6	429.0	274.9	679.3	512.5
Wyoming	105.8	89.1	28.5	24.5	134.3	113.6
Colorado	847.8	824.4	225.9	230.6	1,073.8	1,055.1
New Mexico	212.2	198.5	63.8	89.3	275.9	287.8
Arizona	365.5	366.7	302.8	379.2	668.3	745.9
Utah	121.8	115.7	35.0	45.1	156.8	160.8
Nevada	52.0	48.7	14.1	14.4	66.1	63.1
Washington	274.0	257.0	531.5	432.1	805.5	689.1
Oregon	199.3	194.9	260.7	214.8	460.0	409.7
California	1,631.7	1,664.1	2,343.5	2,318.9	3,975.2	3,983.0
Alaska	2.2	2.2	.4	.4	2.6	2.7
Hawaii	34.4	35.0	336.6	270.0	371.1	305.0
<b>UNITED STATES</b>	24,699.7	23,948.6	23,548.5	22,010.1	48,248.2	45,958.7

<sup>1</sup> Estimates as of the first of current month. <sup>2</sup> Sales of farm products include receipts from loans reported minus value of redemptions during the period.

<sup>3</sup> Rounded data may not add.

Prices received by farmers	1974						1975							
	Annual	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<b>Crops</b>														
All wheat, (\$/bu.)	4.48	4.24	4.32	4.85	4.87	4.65	4.11	3.95	3.65	3.69	3.47	2.92	3.33	3.89
Rice, (rough), (\$/cwt.)	<sup>1</sup> 13.81	9.67	9.85	10.25	11.10	10.50	10.30	10.80	10.60	10.50	10.40	10.40	11.00	9.80
Corn, (\$/bu.)	2.92	3.37	3.30	3.45	3.32	3.27	3.07	2.86	2.67	2.68	2.66	2.68	2.72	2.95
Sorghum, (\$/cwt.)	4.59	5.07	5.30	5.78	5.85	5.33	4.96	4.21	4.03	4.15	4.21	4.15	4.25	4.69
All hay, baled, (\$/ton)	49.10	51.10	51.90	51.50	50.30	50.70	50.10	49.30	49.70	52.40	56.30	53.60	51.20	51.00
Soybeans, (\$/bu.)	6.42	7.55	7.32	8.17	7.44	7.03	6.30	5.72	5.31	5.61	6.00	4.90	5.28	5.80
Cotton, Upland, (cts./lb.)	51.30	53.60	54.90	51.40	50.40	43.80	37.00	32.60	33.90	32.20	36.30	36.90	40.50	42.90
Potatoes, (\$/cwt.)	5.58	4.78	4.05	4.09	3.88	5.29	3.32	3.17	2.94	3.25	3.69	6.16	7.51	5.91
Dry edible beans, (\$/cwt.)	32.28	27.20	21.40	23.10	20.90	20.20	20.20	18.40	18.80	17.70	16.90	18.50	19.80	21.80
Apples for fresh use, (cts./lb.)	11.36	11.20	12.30	11.40	10.70	10.20	9.80	9.90	11.30	11.00	14.50	15.30	14.40	11.90
Pears for fresh use, (\$/ton)	<sup>1</sup> 207.55	212.00	213.00	192.00	196.00	183.00	154.00	146.00	135.00	166.00	158.00	---	300.00	186.00
Oranges, (\$/box)	1.86	2.16	2.25	2.86	1.92	1.43	1.29	1.34	1.49	1.61	1.80	1.86	1.90	1.37
Grapefruit, (\$/box)	1.72	2.29	1.47	2.40	1.87	1.77	1.69	1.70	1.72	1.77	2.39	1.13	1.61	2.40
<b>Livestock</b>														
Beef cattle, (\$/cwt.)	35.60	37.00	32.60	30.60	28.20	27.70	27.60	26.90	27.80	31.80	36.50	38.50	36.20	33.10
Calves, (\$/cwt.)	35.20	34.30	30.10	27.70	25.70	25.00	23.90	24.30	24.70	26.80	29.50	29.70	28.10	25.70
Hogs, (\$/cwt.)	34.20	36.00	33.70	37.10	36.80	38.30	38.20	38.40	38.30	39.30	45.10	47.30	54.10	56.00
Lambs, (\$/cwt.)	37.00	37.50	33.20	33.20	35.20	36.10	36.90	38.10	39.90	42.70	45.40	45.10	43.50	39.80
All milk, sold to plants (\$/cwt.)	8.32	7.74	8.07	8.34	8.48	8.25	8.33	8.28	8.13	8.09	7.98	7.94	8.19	<sup>2</sup> 8.47
Milk, manuf. grade, (\$/cwt.)	7.13	6.46	6.81	7.03	7.02	6.74	7.00	7.04	7.01	7.04	7.05	7.08	7.25	<sup>2</sup> 7.49
Broilers, (cts./lb.)	21.7	20.9	22.8	22.8	24.2	21.9	24.2	24.6	23.7	23.4	24.6	27.4	30.3	28.8
Eggs, (cts./doz.) <sup>3</sup>	52.9	47.8	54.8	54.9	55.4	59.0	57.1	54.3	54.1	47.4	47.6	45.7	46.4	50.5
Turkeys, (cts./lb.)	28.8	27.1	27.3	28.0	30.8	33.4	31.8	30.8	30.3	28.7	30.8	32.3	34.1	35.2
Wool, (cts./lb.) <sup>4</sup>	59.1	52.5	48.7	49.6	45.8	43.5	40.5	35.3	33.1	39.1	47.6	49.1	47.8	46.0

<sup>1</sup> Eleven month average. <sup>2</sup> Preliminary. <sup>3</sup> Average of all eggs sold by farmers, including hatching eggs and eggs sold at retail. <sup>4</sup> Average local market price, excluding incentive payments.

Wholesale Price Index U.S. average (not seasonally adjusted)	1974						1975							
	Annual	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	1967=100													
All commodities	160.1	167.4	167.2	170.2	171.9	171.5	171.8	171.3	170.4	172.1	173.2	173.7	175.7	176.7
Industrial commodities	153.8	161.6	162.9	164.8	165.8	166.1	167.5	168.4	168.9	169.7	170.3	170.7	171.2	172.2
All foods	174.4	176.9	178.2	182.0	192.3	189.2	188.4	185.6	180.4	181.9	182.4	184.3	189.8	189.0
Farm Products	187.7	189.2	182.7	187.5	187.8	183.7	179.7	174.6	171.1	177.7	184.5	186.2	193.7	193.2
Eggs	160.6	149.6	169.8	167.8	164.9	181.1	168.7	162.4	166.3	140.0	145.5	137.9	139.7	156.7
Fresh and dried fruits and vegetables	192.3	162.6	163.2	166.2	186.9	163.7	174.9	169.0	163.8	183.4	183.1	206.7	208.6	179.6
Processed foods and feeds	170.9	179.7	176.8	183.5	189.7	188.2	186.4	182.6	177.3	179.4	179.0	179.7	184.6	186.3
Meats	159.6	169.1	161.3	160.2	155.4	156.0	161.9	159.0	159.0	171.6	189.8	199.3	208.0	203.4
Beef and veal	158.6	172.4	159.3	149.6	140.6	139.8	148.2	142.7	143.7	167.7	189.4	202.3	201.0	186.5
Pork	162.3	173.9	169.9	178.2	172.9	176.6	183.7	181.8	180.4	181.9	201.7	206.5	231.4	241.0
Poultry	157.3	150.4	170.3	158.5	172.1	165.5	169.7	170.5	164.6	165.9	175.1	186.5	208.9	195.3
Fish	204.6	197.9	196.8	192.1	190.6	194.7	193.1	206.5	203.2	208.3	216.8	217.5	225.2	224.9
Dairy	146.4	142.4	144.8	146.4	146.8	146.7	148.3	148.5	148.5	148.9	149.6	150.5	153.2	156.3
Processed fruits and vegetables	154.6	162.7	165.6	170.0	171.1	170.1	171.2	170.9	169.5	170.8	171.0	170.9	169.4	168.6
Cereal and bakery products	171.2	169.3	169.7	176.2	179.7	181.9	182.3	183.6	181.9	179.1	176.2	174.4	176.7	175.8
Sugar and confectionery	258.9	270.4	297.9	315.3	419.8	401.4	358.2	347.3	303.0	280.1	239.6	217.8	228.4	243.2
Beverages	140.7	146.2	147.8	152.6	154.2	158.2	162.6	162.2	162.2	161.7	161.0	160.4	159.4	161.6

Consumer Price Index U.S. average (not seasonally adjusted)	1974						1975							
	Annual	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	1967=100													
Consumer price index, all items	147.7	149.9	151.7	153.0	154.3	155.4	156.1	157.2	157.8	158.6	159.3	160.6	162.3	162.8
Consumer price index, less food	143.6	146.1	147.8	149.1	150.4	151.3	151.8	153.0	153.9	154.9	155.6	156.6	157.6	158.3
All food	161.7	162.8	165.0	166.1	167.8	169.7	170.9	171.6	171.3	171.2	171.8	174.4	178.6	178.1
Food away from home	159.4	161.9	163.1	164.7	166.2	167.6	169.0	170.5	171.3	172.2	172.8	173.1	174.2	175.3
Food at home	162.4	163.0	165.5	166.5	168.3	170.3	171.4	172.0	171.4	171.0	171.6	174.9	179.9	179.0
Meats	164.1	162.8	166.7	163.5	163.0	161.7	161.9	160.9	159.7	160.2	167.9	177.8	188.5	190.4
Beef and veal	168.5	169.0	172.9	166.8	163.7	160.1	158.5	156.6	153.3	154.6	166.4	176.6	186.4	182.5
Pork	161.0	158.8	164.8	164.0	166.8	167.1	170.0	169.6	170.5	170.0	176.6	187.9	204.9	214.3
Poultry	146.9	140.8	148.1	147.0	150.9	154.9	152.8	152.0	151.8	148.9	149.8	157.7	172.8	174.3
Fish	187.7	187.4	188.6	190.4	193.6	194.8	195.7	197.2	197.1	197.3	199.1	200.4	202.9	205.1
Eggs	160.8	146.0	162.2	172.2	162.2	172.6	172.6	172.1	153.5	158.2	144.6	137.2	144.6	151.1
Dairy products	161.9	150.7	151.1	151.7	152.7	155.3	155.2	155.6	155.4	154.8	153.6	153.3	153.4	154.3
Fats and oils	179.3	179.6	198.5	203.7	210.2	212.6	214.7	214.9	213.1	209.7	203.0	195.8	191.7	189.3
Fruits and vegetables	165.8	168.2	162.9	162.4	164.3	161.3	163.5	166.7	167.4	167.8	169.0	177.4	188.8	177.9
Fresh	162.6	162.9	152.7	151.6	154.7	149.6	153.6	159.2	159.9	160.9	164.7	179.0	198.4	180.0
Processed	170.6	176.0	178.2	178.4	178.7	178.7	178.3	177.9	178.7	178.2	175.4	175.0	174.7	174.8
Cereals and bakery products	166.1	168.2	170.4	174.7	177.6	181.7	185.3	187.3	189.1	188.9	187.0	185.2	184.6	182.6
Sugar and sweets	195.2	203.4	212.1	226.5	245.2	279.0	281.0	273.9	269.5	255.7	246.0	236.8	228.9	236.0
Beverages	155.6	163.8	166.5	169.2	170.2	172.7	175.3	177.0	177.8	178.0	175.3	174.9	174.1	175.1



Farm-retail price spreads <sup>1</sup>	1974						1975							
	Annual	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<b>Market basket:</b>														
Retail cost (1967=100)	161.9	162.0	164.3	164.6	166.4	167.8	168.7	169.3	168.5	168.2	169.1	172.9	178.8	177.6
Farm value (1967=100)	177.6	180.1	178.6	182.5	183.1	178.2	173.5	173.5	171.4	175.7	182.1	190.8	200.3	196.2
Farm-retail spread (1967=100)	152.0	150.5	155.2	153.3	155.8	161.2	165.7	166.6	166.7	163.4	160.9	161.6	165.2	165.8
Farmer's share (%)	43	43	42	43	43	41	40	40	39	40	42	43	43	43
<b>Beef, choice:</b>														
Retail price <sup>2</sup> (cts./lb.)	138.8	143.4	141.6	136.8	134.4	132.2	132.8	129.0	127.0	133.9	147.8	157.8	161.0	155.5
Carcass value <sup>3</sup> (cts.)	97.4	106.6	96.2	93.4	89.8	87.5	88.8	84.7	86.3	101.2	115.9	123.2	119.7	112.1
Net farm value <sup>4</sup> (cts.)	86.1	97.7	85.2	82.0	78.7	77.1	76.6	73.2	75.7	89.9	103.9	110.2	105.8	96.8
Farm-retail spread (cts.)	52.7	45.7	56.4	54.8	65.7	55.1	56.2	55.8	51.3	44.0	43.9	47.6	55.2	58.7
Carcass-retail spread <sup>5</sup> (cts.)	41.4	36.8	45.4	43.4	44.6	44.7	44.0	44.3	40.7	32.7	31.9	34.6	41.3	43.4
Farm-carcass spread <sup>6</sup> (cts.)	11.3	8.9	11.0	11.4	11.1	10.4	12.2	11.5	10.6	11.3	12.0	13.0	13.9	15.3
Farmer's share (%)	62	68	60	60	59	58	58	57	60	67	70	70	66	62
<b>Pork:</b>														
Retail price <sup>2</sup> (cts./lb.)	108.2	108.7	109.9	109.0	111.4	112.7	114.9	114.8	113.6	115.7	123.0	130.5	143.7	150.2
Carcass value <sup>3</sup> (cts.)	77.4	78.5	77.2	81.4	83.6	85.6	84.2	86.0	86.8	88.3	97.3	104.6	113.9	118.2
Net farm value <sup>4</sup> (cts.)	60.8	64.7	61.6	66.1	65.2	68.5	67.1	68.9	68.8	71.0	82.5	91.1	101.0	102.7
Farm-retail spread (cts.)	47.4	44.0	48.3	42.9	46.2	44.2	47.8	45.9	44.8	44.7	40.5	39.4	42.7	47.5
Carcass-retail spread <sup>5</sup> (cts.)	30.8	30.2	32.7	27.6	27.8	27.1	30.7	28.8	26.8	27.4	25.7	25.9	29.8	32.0
Farm-carcass spread <sup>6</sup> (cts.)	16.6	13.8	15.6	15.3	18.4	17.2	17.1	17.1	18.0	17.3	14.8	13.5	12.9	15.5
Farmer's share (%)	56	60	56	61	59	61	58	60	61	61	67	70	70	68
<b>Milk, fresh:</b>														
Retail price (cts./gal.)	78.4	77.5	77.3	77.5	77.6	79.2	79.4	79.2	78.9	78.5	77.4	77.2	77.0	77.0
Farm value (cts.)	40.9	39.6	38.9	39.0	40.1	40.7	40.0	40.2	39.8	39.9	39.8	39.9	39.3	39.7
Farm-retail spread (cts.)	37.5	37.9	38.4	38.5	37.5	38.5	39.4	39.0	39.1	38.6	37.6	37.3	37.7	37.3
Farmer's share (%)	52	51	50	50	52	51	50	51	50	51	51	52	51	52
<b>Chicken:</b>														
Retail price (cts./lb.)	56.0	53.5	57.0	56.2	58.2	60.4	59.3	58.6	58.8	57.6	57.9	61.4	68.3	68.6
Farm value (cts.)	31.5	30.6	33.7	34.1	34.1	33.3	32.3	33.6	33.4	33.7	33.3	37.1	43.4	40.3
Farm-retail spread (cts.)	24.5	22.9	23.3	22.1	24.1	27.1	27.0	25.0	25.4	23.9	24.6	24.3	24.9	28.3
Farmer's share (%)	56	57	59	61	59	55	54	57	57	59	58	60	64	59
<b>Eggs, large grade A</b>														
Retail price (cts./doz.)	78.3	71.1	79.0	83.9	81.0	84.1	84.2	83.9	74.9	77.2	70.6	66.9	70.6	73.7
Farm value (cts.)	53.2	47.6	55.6	58.1	54.1	58.4	56.9	56.9	47.9	47.7	45.2	40.9	45.8	49.2
Farm-retail spread (cts.)	25.1	23.5	23.4	25.8	26.9	25.7	27.3	27.0	27.0	29.5	25.4	26.0	24.8	24.5
Farmer's share (%)	68	67	70	69	67	69	68	68	64	62	64	61	65	67
<b>Bread, white:</b>														
Retail price (cts./lb.)	34.5	34.6	34.8	35.6	35.8	36.4	37.2	37.4	37.3	36.8	36.2	35.6	35.6	35.1
Farm value, wheat (cts.)	5.4	4.8	5.3	5.7	5.9	5.5	4.9	4.8	4.4	4.4	4.1	3.6	4.3	4.8
Farm value, all <sup>7</sup> (cts.)	7.9	7.4	7.9	8.6	9.4	8.8	7.9	7.7	7.0	6.9	6.2	5.5	6.5	7.2
Farm-retail spread (cts.)	26.6	27.2	26.9	27.0	26.4	27.6	29.3	29.7	30.3	29.9	30.0	30.0	29.1	27.9
Farmer's share (%)	23	21	23	24	26	24	21	21	19	19	17	16	18	21
<b>Lettuce:</b>														
Retail price (cts./head)	42.3	39.4	41.8	42.7	51.8	43.9	39.5	48.5	40.3	38.0	39.2	42.0	37.5	39.5
Farm value (cts.)	13.2	10.2	10.9	16.6	19.9	11.8	19.0	14.2	11.6	12.9	9.4	9.9	11.9	13.4
Farm-retail spread (cts.)	29.1	29.2	30.9	26.1	31.9	32.1	20.5	34.3	28.7	25.1	29.8	32.1	25.6	26.1
Farmer's share (%)	31	26	26	39	38	27	48	29	29	34	24	24	32	34
<b>Potatoes:</b>														
Retail price (cts./10-lbs.)	166.4	151.7	123.3	120.1	121.2	118.4	112.7	111.1	104.2	100.3	112.0	135.0	199.3	178.7
Farm value (cts.)	59.4	51.7	42.9	40.5	40.8	35.9	34.6	33.0	30.6	33.9	38.4	64.2	78.2	61.6
Farm-retail spread (cts.)	107.0	100.0	80.4	79.6	80.4	82.5	78.1	78.1	73.6	66.4	73.6	70.8	121.1	117.1
Farmer's share (%)	36	34	35	34	34	30	31	30	29	34	34	48	39	34
<b>Tomatoes:</b>														
Retail price (cts./lb.)	54.8	45.3	44.7	44.2	53.0	60.8	60.0	61.9	62.0	56.8	55.1	66.6	81.3	48.1
Farm value (cts.)	21.0	18.9	14.6	16.5	27.6	21.3	22.0	30.3	21.4	19.5	20.0	36.5	34.8	19.1
Farm-retail spread (cts.)	33.8	26.4	30.1	27.7	25.4	39.5	38.0	31.6	40.6	37.3	35.1	30.1	46.5	29.0
Farmer's share (%)	38	42	33	37	52	35	37	49	35	34	36	55	43	40
<b>Orange juice, frozen concentrate:</b>														
Retail price (cts./8-oz. can)	25.8	25.9	26.0	26.7	26.9	26.8	27.4	27.9	28.0	28.1	27.9	27.9	28.2	28.2
Farm value (cts.)	8.9	9.3	9.3	9.3	9.3	9.3	9.0	8.7	8.7	8.3	7.9	8.0	8.8	8.8
Farm-retail spread (cts.)	16.9	16.6	16.7	17.4	17.6	17.6	18.4	19.2	19.3	19.8	20.0	19.9	19.4	19.4
Farmer's share (%)	34	36	36	35	35	35	33	31	31	30	28	29	31	31
<b>Margarine:</b>														
Retail price (cts./lb.)	57.4	57.4	63.6	66.3	69.1	70.5	71.4	70.8	69.7	67.4	63.4	60.4	59.2	58.5
Farm value (cts.)	27.7	32.5	34.5	33.6	34.4	29.4	27.5	25.1	22.9	24.1	20.3	17.7	22.0	24.4
Farm-retail spread (cts.)	29.7	24.9	29.1	32.7	34.7	41.1	43.9	45.7	46.8	43.3	43.1	42.7	37.2	34.1
Farmer's share (%)	48	57	54	51	50	42	39	35	33	36	32	29	37	42

<sup>1</sup> For a market basket of farm food and selected items. The market basket represents the average quantities of U.S. farm-originated foods purchased annually per household in 1960-61. Retail prices are from Bureau of Labor Statistics unless otherwise noted. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. See table 13, May 1975 issue of the *Marketing and Transportation Situation* for farm product equivalents for individual items. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. Data are preliminary. <sup>2</sup> Composite monthly average prices of all cuts adjusted for volume sold at special prices—derived from BLS and food chain prices. <sup>3</sup> For a quantity equivalent to 1 lb. retail cuts: Beef, 1.41 lb. of carcass beef (1975 data based on yield grade 3); Pork, 1.07 lb. of wholesale cuts. <sup>4</sup> Payments to farmer for quantity of live animal equivalent to 1 retail pound less value of byproducts: Beef, 2.28 lb. and pork, 1.97 lb. <sup>5</sup> Includes not only gross margin for retailing but also charges made for other marketing services such as fabricating, wholesaling and in-city transportation. <sup>6</sup> Measures charges made for livestock marketing, processing, and transportation to city where consumed. <sup>7</sup> Includes wheat and other farm ingredients.

Meat animals	1974		1975					
	Annual	Aug.	Mar.	Apr.	May	June	July	Aug.
<b>Indicators:</b>								
7-State cattle on feed report:								
Number on feed (thous. head)		7,007	5,463	5,577	5,589	5,841	6,006	5,932
Placed on feed (thous. head)	15,331	1,210	1,536	1,362	1,532	1,380	1,141	1,259
Marketings (thous. head)	17,376	1,301	1,331	1,260	1,172	1,148	1,164	1,199
Beef steer-corn price ratio, Omaha	13.9	13.1	13.1	15.0	17.6	18.2	17.3	15.0
Hog-corn price ratio, Omaha	11.3	10.5	14.3	14.1	16.4	17.9	19.5	18.5
Commercial slaughter (thous. head)								
Cattle	36,812	3,169	3,132	3,206	3,149	3,193	3,400	
Steers	19,680	1,613	1,610	1,584	1,505	1,437	1,469	
Heifers	8,798	802	777	785	756	786	816	
Cows	7,514	668	676	757	794	868	1,006	
Bulls and stags	820	86	69	80	94	102	109	
Calves	2,987	261	361	384	371	382	468	
Sheep and lambs	8,847	807	675	652	636	636	658	
Hogs	81,762	6,729	6,105	6,731	5,693	5,386	4,955	
Commercial production (mil. lb.)								
Beef	22,844	1,953	1,890	1,894	1,849	1,849	1,915	
Veal	442	40	56	60	59	63	77	
Lamb and mutton	454	39	35	34	31	31	32	
Pork	13,583	1,100	976	1,100	925	889	817	
<b>Market prices:</b>								
	Dollars per 100 pounds							
Slaughter cattle:								
Steers:								
Omaha								
Prime, 1100-1300 lb.	42.66	48.67	37.24	44.51	51.59	55.26	53.78	
Choice, 900-1100 lb.	41.89	46.62	36.08	42.80	49.48	51.82	50.21	46.80
Good, 900-1100 lb.	38.71	41.91	32.93	38.92	44.00	45.85	43.34	39.52
California, Choice 900-1100 lb.	43.72	48.38	38.81	45.95	52.00	53.94	50.50	45.75
Colorado, Choice 900-1100 lb.	42.56	48.15	36.21	43.95	51.35	53.86	50.98	46.45
Cows, Omaha								
Commercial	25.45	24.36	19.54	21.87	23.59	23.55	22.13	21.99
Utility	25.56	24.54	19.45	21.67	23.55	23.32	22.00	21.29
Cutter	23.90	23.08	17.25	18.98	19.64	19.94	19.42	18.84
Canner	22.11	21.45	14.99	16.51	16.43	16.91	16.90	16.72
Vealers, Choice, S. St. Paul	49.63	44.90	38.90	46.84	40.56	39.15	39.01	37.10
Feeder cattle:								
Kansas City								
Choice, 400-500 lb.	40.84	36.84	29.14	31.45	34.66	35.82	32.58	31.70
Choice, 600-700 lb.	37.88	36.70	28.75	31.69	35.50	36.81	34.70	34.34
Good, 600-700 lb.	33.96	31.18	24.34	26.54	29.45	30.16	28.60	29.15
All weights and grades	36.49	33.26	27.86	30.73	34.87	33.52	32.53	32.93
Amarillo								
Good, 600-700 lb.	32.42	29.00	24.08	27.33	29.81	32.75	29.38	23.12
Slaughter hogs:								
Barrows and Gilts No. 1 & 2, Omaha								
200-220 lb.	36.83	38.86	40.17	41.54	47.56	52.19	57.81	58.73
220-240 lb.	36.85	39.04	40.20	41.57	47.51	52.26	58.00	58.89
Barrows and Gilts, Sioux City	34.75	37.49	39.59	40.74	46.42	51.31	57.25	58.12
Barrows and Gilts, 7 markets	35.12	37.67	39.52	40.69	46.44	51.19	57.12	58.10
Feeder pigs:								
U.S. No. 1 & 2, So. Missouri 40-50 lb.	25.13	19.44	39.75	43.05	44.00	44.65	44.10	46.75
Sows, 7 markets	29.92	29.66	36.58	37.00	41.12	44.28	49.59	51.89
Sheep and lambs:								
Slaughter:								
Lambs, Choice, San Angelo	40.51	42.50	46.50	46.65	47.62	46.06	45.25	40.00
Lambs, Choice, So. St. Paul	39.48	37.92	42.44	44.18	50.18	45.94	44.09	39.91
Ewes, Good, San Angelo	15.74	14.06	17.25	18.40	15.44	15.38	17.00	13.44
Ewes, Good, So. St. Paul	9.20	7.00	8.12	8.88	9.42	9.83	9.94	8.15
Feeder Lambs:								
Choice, San Angelo	36.52	32.58	37.38	43.65	43.00	39.69	40.25	38.75
Choice, So. St. Paul	33.26	27.00	36.74	37.00	37.79	37.35	37.10	35.52
Meat:								
Wholesale, Chicago								
Choice steer beef, 600-700 lb.	67.76	73.92	59.50	70.20	80.60	85.76	84.92	77.95
Choice heifer beef, 500-600 lb.	66.59	73.22	58.48	68.66	78.92	85.03	83.47	76.20
Canner and Cutter cow beef	53.48	49.93	41.84	44.07	46.44	46.64	45.38	43.67
Pork loins, 8-14 lb.	73.60	79.18	74.79	78.63	92.49	102.04	109.56	105.51
Pork bellies, 12-14 lb.	52.04	56.56	62.39	68.56	73.27	62.21	92.92	105.46
Hams, skinned, 14-17 lb.	64.11	63.08	70.67	67.56	74.89	79.91	84.93	91.08
East Coast:								
Lamb, Choice and Prime, 35-45 lb.	83.33	83.62	90.56	93.87	97.13	96.75	99.29	91.67
Lamb, Choice and Prime, 55-65 lb.	80.78	83.28	89.44	93.07	97.13	96.50	99.29	91.67
Steer Beef Choice, 600-700 lb.	69.08	75.52	61.09	71.07	82.09	88.01	84.92	80.09
West Coast:								
Beef, Choice 600-700 lb.	70.37	77.97	62.90	73.08	83.38	89.16	86.89	81.26



Poultry and eggs	1974		1975					
	Annual	August	Mar.	Apr.	May	June	July	August
<b>Eggs</b>								
Farm production (mil.)	65,868	5,440	5,500	5,271	5,402	5,211	5,365	5,388
Average number of layers on farms (mil.)	286	278	279	275	272	270	269	271
Rate of lay per layer	23.1	19.6	19.7	19.2	19.9	19.3	20.0	19.9
Frozen egg production (mil. lb.)	359.8	33.9	19.9	24.0	28.4	33.3	—	—
Dried egg production (mil. lb.)	72.1	6.0	3.2	4.4	4.7	5.3	—	—
New York wholesale price, grade A large (cts./doz.)	58.2	55.8	59.2	50.2	49.3	50.6	52.6	58.2
Price paid for laying feed (\$/ton)	153	168	143	146	145	144	145	150
Egg-feed price ratio (lb.)	7.0	5.7	7.6	6.5	6.6	6.3	6.4	6.7
Stocks, first of month:								
Shell (thou. cases)		95	48	32	25	68	82	90
Frozen (mil. lb.)		59.1	51.8	47.0	43.6	44.8	48.0	51.2
Replacement chicks hatched (mil.)	473.4	34.9	46.0	48.1	48.4	40.9	38.5	35.3
<b>Broilers</b>								
Federally inspected slaughter, certified (mil. lb.)	7,916.8	713.8	616.6	688.3	690.1	683.1	714.2	—
9-city wholesale price (cts./lb.)	38.2	36.8	40.7	40.1	42.9	48.1	51.2	50.0
Broiler-feed price (\$/ton)	167	180	161	164	161	162	161	163
Broiler-feed price ratio (lb.)	2.6	2.3	2.9	2.9	3.1	3.4	3.8	3.5
Stocks, first of month (mil.)		34.3	33.8	28.8	28.5	24.3	22.7	19.2
Average weekly placement of broiler chicks in 21 States (mil.)	2,941.9	52.2	59.3	60.3	69.9	60.5	57.7	57.2
<b>Turkeys</b>								
Federally inspected slaughter, certified (mil. lb.)	1,835.8	237.2	54.4	68.7	81.9	138.4	193.2	—
New York wholesale price, 8-16 lb. young hens (cts./lb.)	47.2	49.6	47.3	48.3	51.6	53.4	56.0	58.0
Turkey feed price (\$/ton)	168	188	161	165	164	165	163	168
Turkey-feed price ratio (lb.)	3.2	2.9	3.8	3.5	3.8	3.9	4.2	4.2
Stocks, first of month (mil. lb.)		335.8	240.2	207.1	177.6	159.6	193.0	247.7

Dairy	1974		1975					
	Annual	Aug.	Mar.	Apr.	May	June	July	Aug.
<b>Milk:</b>								
Production:								
Total milk (mil. lb.)	115,416	9,690	10,023	10,121	10,789	10,460	9,998	9,609
Milk per cow (lb.)	10,286	865	897	906	968	938	897	863
Number of milk cows (thous.)	11,221	11,207	11,176	11,176	11,150	11,147	11,142	11,137
Prices:								
Minnesota-Wisconsin 3.5% fat (\$/cwt.)	7.06	6.39	6.86	6.94	7.02	7.11	7.35	7.70
Ration price and price ratios:								
Dairy ration 16% protein (\$/ton)	138	152	130	134	132	130	130	135
Milk-feed price ratio	1.33	1.16	1.38	1.36	1.36	1.36	1.40	1.39
Wholesale price index (1967=100)	146.4	142.4	148.6	148.9	149.6	150.5	153.2	156.3
Stocks, end of period:								
Total, milk equivalent (mil. lb.)	5,886	8,202	5,640	5,708	6,296	6,874	6,941	
Commercial (mil. lb.)	5,576	7,593	5,025	5,024	5,249	5,537	5,506	
Government (mil. lb.)	310	610	615	684	1,047	1,337	1,435	
Imports:								
Total milk equivalent (mil. lb.)	2,932	149	79	80	72	80	115	
USDA net removals:								
Total milk equivalent (mil. lb.)	1,345.5	162.0	417.7	412.5	558.9	241.3	100.6	354.9 <sup>1</sup>
<b>Butter:</b>								
Production (mil. lb.)	961.7	70.4	96.3	100.9	101.6	88.3	70.4	
Stocks, end of period (mil. lb.)	49.2	122.0	60.5	66.5	85.2	99.7	95.5	
Price, wholesale, Grade A, Chicago (cts./lb.)	65.7	67.1	68.1	69.2	69.2	69.2	76.6	83.6
USDA net removals, (mil. lb.)	32.7	( <sup>2</sup> )	13.7	14.6	21.8	8.2	2.3	17.4 <sup>1</sup>
Commercial disappearance (mil. lb.)	929.9	76.6	89.9	84.0	77.6	76.9	75.3	
<b>American cheese:</b>								
Production (mil. lb.)	1,858.6	144.2	144.1	152.9	168.4	170.7	153.0	
Stocks, end of period (mil. lb.)	420.9	479.1	385.6	379.9	392.7	415.0	428.2	
Price, wholesale, Wis. Assem. Pts. (cts./lb.)	79.9	72.5	77.4	78.8	80.6	82.4	84.8	89.8
USDA removals (mil. lb.)	60.3	15.6	13.1	10.9	10.6	6.8	4.8	1 <sup>1</sup>
Commercial disappearance (mil. lb.)	1,780.6	138.3	140.3	147.1	147.2	147.3	138.6	
<b>Nonfat dry milk:</b>								
Production (mil. lb.)	1,019.9	99.1	95.9	111.5	131.4	126.5	98.7	
Stocks, end of period (mil. lb.)	293.2	252.0	335.4	328.8	379.7	438.2	484.8	
Price, wholesale, avg. manf. (cts./lb.)	58.6	57.2	60.7	60.3	60.2	60.4	60.4	
USDA removals (mil. lb.)	265.0	46.9	54.0	72.5	73.9	84.2	41.6	25
Commercial disappearance (mil. lb.)	809.9	61.9	41.9	45.4	50.2	50.0	78.2	
<b>Cottage cheese<sup>1</sup>:</b>								
Production (mil. lb.)	977.4	83.4	87.7	89.9	93.2	87.9	88.4	
<b>Frozen desserts<sup>2</sup>:</b>								
Production (mil. gal.)	1,118.7	118.4	96.5	97.4	112.9	123.2	126.4	

<sup>1</sup> Domestic unrestricted sales exceeded purchases. <sup>2</sup> Less than 50,000 pounds. <sup>3</sup> Including lowfat cottage cheese. <sup>4</sup> Ice cream, ice milk, and sherbet.

Gross National Product and Related Data	1974	1973				1974				1975	
		I	II	III	IV	I	II	III	IV	I	II
Bil. \$ (Quarterly data seasonally adjusted at annual rates)											
Gross national product <sup>1</sup>	1,397.4	1,248.9	1,277.9	1,308.9	1,344.0	1,358.8	1,383.8	1,416.3	1,430.9	1,416.6	1,440.9
Personal consumption expenditures	876.7	781.7	799.0	816.3	823.9	840.6	869.1	901.3	895.8	913.2	938.6
Durable goods	127.5	132.4	132.1	132.4	124.3	123.9	129.5	136.1	120.7	124.9	130.6
Nondurable goods	380.2	323.3	332.7	343.8	352.1	364.4	375.8	389.0	391.7	398.8	410.1
Gross private domestic investment	209.4	199.0	205.1	209.0	224.5	210.5	211.8	205.8	209.4	163.1	148.1
Fixed investment	195.2	189.0	194.4	197.1	195.5	193.6	198.3	197.1	191.6	182.2	179.1
Nonresidential	149.2	130.5	135.6	139.0	141.9	145.2	149.4	150.9	151.2	146.9	142.7
Structures	52.2	44.6	46.2	47.9	49.3	51.3	52.2	51.0	53.7	52.8	49.1
Producers' durable equipment	97.1	85.9	89.4	91.1	92.6	93.9	97.2	99.9	97.5	94.2	93.6
Residential structures	46.0	58.5	58.7	58.1	53.6	48.4	48.8	46.2	40.4	35.3	36.4
Nonfarm	45.2	58.0	58.4	57.6	53.0	47.8	48.0	45.4	39.7	34.8	35.6
Change in business inventories	14.2	10.0	10.7	11.8	28.9	16.9	13.5	8.7	17.8	-19.2	-31.0
Nonfarm	11.9	6.5	7.7	7.4	24.0	13.1	10.4	6.6	17.5	-17.8	-30.6
Net exports of goods and services	2.1	-8	5	6.7	9.3	11.3	-1.5	-3.1	1.9	8.8	16.2
Exports	140.2	88.8	95.4	103.7	113.6	131.2	138.5	143.6	147.5	142.2	136.0
Imports	138.1	89.5	94.9	96.9	104.3	119.9	140.0	146.7	145.7	133.4	119.8
Government purchases of goods and services	309.2	269.0	273.3	276.9	286.4	296.3	304.4	312.3	323.8	331.6	338.1
Federal	116.9	106.4	106.2	105.3	108.4	111.6	114.3	117.2	124.5	126.5	128.4
State and local	192.3	162.6	167.1	171.6	177.9	184.8	190.1	195.1	199.3	205.1	209.7
1958 \$bil. (Quarterly data seasonally adjusted at annual rates)											
Gross national product	821.2	832.8	837.4	840.8	845.7	830.5	827.1	823.1	804.0	780.0	783.6
Personal consumption expenditures	539.5	552.9	553.7	555.4	546.3	539.7	542.7	547.2	528.2	531.5	539.7
Durable goods	103.1	117.2	115.7	114.3	107.2	105.2	106.8	107.8	92.8	95.2	97.9
Nondurable goods	223.7	228.7	228.3	230.0	227.4	223.9	223.6	225.8	221.4	222.5	226.4
Gross private domestic investment	126.7	134.4	136.3	135.8	145.8	133.3	130.3	122.7	120.5	89.3	80.7
Fixed investment	118.0	127.1	128.4	127.7	125.8	122.7	122.2	117.7	109.6	101.0	97.8
Nonresidential	94.0	92.2	94.3	95.1	96.0	96.3	96.5	94.1	89.2	83.8	80.3
Structures	26.2	24.7	25.1	25.6	26.0	26.7	26.6	25.4	26.1	25.2	23.5
Producers' durable equipment	67.8	67.4	69.2	69.5	70.0	69.7	69.9	68.7	63.1	58.6	56.8
Residential structures	24.0	35.0	34.1	32.6	29.8	26.4	25.7	23.6	20.4	17.3	17.5
Nonfarm	23.6	34.7	33.9	32.4	29.5	26.0	25.3	23.1	20.1	17.0	17.1
Change in business inventories	8.7	7.3	7.8	8.0	20.0	10.6	8.2	5.0	10.9	-11.7	-17.1
Nonfarm	7.4	5.4	6.3	6.2	17.9	8.7	6.4	3.9	10.7	-10.9	-16.8
Net exports of goods and services	9.0	1.4	3.5	5.8	7.9	11.5	8.2	7.3	9.1	11.6	14.0
Exports	71.9	64.8	65.9	66.9	68.9	73.3	73.4	70.9	69.9	66.5	63.3
Imports	62.9	63.4	62.4	61.1	61.0	61.8	65.1	63.6	60.9	54.9	49.4
Government purchases of goods and services	146.0	144.1	143.9	143.7	145.7	146.0	145.8	145.8	146.3	147.7	149.2
Federal	56.5	58.9	57.7	56.2	56.4	66.3	56.3	56.5	57.0	57.4	58.3
State and local	89.5	85.2	86.2	87.5	89.3	89.7	89.5	89.4	89.3	90.2	90.9
Implicit price deflator for GNP (1958=100)	170.18	149.95	152.61	155.67	158.93	163.61	167.31	172.07	177.97	181.62	183.88
Disposable income (\$bil.)	979.7	869.5	892.1	913.9	939.4	950.6	966.5	993.1	1,008.8	1,015.5	1,078.5
Disposable income (1958 \$bil.)	602.8	615.1	618.2	621.8	622.9	610.3	603.5	602.9	594.8	591.0	620.2

Selected monthly indicators	1974		1975					
	Annual	August	Mar.	Apr.	May	June	July	Aug.
Seasonally adjusted except as noted								
Industrial production, total <sup>2</sup> (1967=100)	124.8	125.2	110.0	109.9	110.1	110.9	111.5	112.9p.
Manufacturing (1967=100)	124.4	125.2	107.7	107.9	108.2	109.2	109.3	111.0p.
Durable (1967=100)	120.7	121.6	103.5	103.3	102.5	102.9	102.3	103.8p.
Nondurable (1967=100)	129.7	130.4	113.7	114.8	116.1	118.2	119.7	121.7p.
Employment <sup>3</sup> (Mil. persons)	85.9	86.3	83.8	84.1	84.4	84.4	85.1	85.4
Unemployment rate <sup>3</sup>	5.6	5.4	8.7	8.9	9.2	8.6	8.4	8.4
Personal income <sup>1</sup> (\$bil. annual rate)	1,150.5	1,167.2	1,195.7	1,203.1	1,214.3	1,244.1	1,238.9	1,256.9p.
Consumer price index <sup>2</sup> (1967=100)	147.7	149.9	157.8	158.6	159.3	160.6	162.3	162.8
Wholesale price index <sup>2</sup> (1967=100)	160.1	167.4	170.4	172.1	173.2	173.7	175.7	176.7
Money stock (daily average) <sup>1</sup> (\$bil.)	\$284.4	280.5	286.1	287.1	289.7	294.0	294.5	295.6p.
Time and savings deposits (daily average) <sup>2</sup> (\$bil.)	\$419.4	405.2	430.0	431.7	433.1	437.3	439.3	437.6p.
Three-month Treasury bill rate <sup>2</sup> (%)	7.886	8.744	5.544	5.694	5.315	5.193	6.164	
Aaa corporate bond yield (Moody's) <sup>4</sup> (%)	8.57	9.00	8.67	8.95	8.90	8.77	8.84	8.95
Interest rate on new home mortgages <sup>5</sup> (%)	8.92	9.09	9.06	8.96	8.90	8.96	8.90p.	

<sup>1</sup> Department of Commerce. <sup>2</sup> Board of Governors of the Federal Reserve System. <sup>3</sup> Department of Labor, Bureau of Labor Statistics. <sup>4</sup> Not seasonally adjusted. <sup>5</sup> December of the year listed. <sup>6</sup> Moody's Investor Service. <sup>7</sup> Federal Home Loan Bank Board. p. Preliminary.



Economic indicators in major foreign markets	Unemployment <sup>1</sup>				Real Growth in GNP, 1974	Change in industrial production <sup>1</sup>			Change in consumer prices <sup>1</sup>		
	Number <sup>2</sup>	Change in number of unemployed				Last month <sup>3</sup>	Last 12 months	1974 <sup>4</sup>	Last month	Last 12 months	1974 <sup>4</sup>
		Last month <sup>3</sup>	Last 12 months	1974 <sup>4</sup>							
	1,000	Percent									
Japan	910 (5)	-7.1	44.4	53.7	-1.8	1.3 (5)	-14.3	-14.5	0 (6)	13.4	21.5
Germany	1,002 (6)	-1.6	122.2	94.7	.6	5.7 (5)	-6.0	-8.3	.7 (6)	6.4	5.9
Canada	704 (6)	-1.4	50.1	16.6	3.7	-5 (5)	-5.6	-1.7	1.5 (6)	10.4	12.4
United Kingdom	846 (6)	1.3	57.8	*38.2	-2	-1.0 (5)	-5.5	-1.9	1.8 (6)	26.1	19.2
Netherlands	177 (6)	2.3	59.5	38.2	2.5	-2.6 (5)	-4.9	-9.4	.2 (6)	10.3	10.9
Italy	*667 (4)	*3.5	37.8	*3.2	3.8	-6.4 (5)	-17.3	-9.7	.8 (6)	19.0	24.5
France	738 (6)	.1	94.7	56.8	4.0	-1.8 (5)	-12.7	-4.2	.8 (6)	11.7	15.2
Spain	232 (2)	3.6	73.1	51.9	5.0	9.2 (4)	-7.9	-2.8	.3 (6)	17.0	17.9
Belgium	162 (6)	.6	80.0	37.3	4.0	2.8 (4)	-10.1	-5.2	.4 (6)	12.5	15.7
Korea	n.a.	n.a.	n.a.	22.8	8.2	5.1 (5)	18.1	10.1	3.0 (5)	26.0	26.0

<sup>1</sup> Parenthetical numbers following data indicate date of latest available data: (12)=December 1974, (1)=January 1975 etc. <sup>2</sup> Definitions of unemployment vary significantly from country to country and therefore are not comparable one with the other. <sup>3</sup> Seasonally adjusted data used. <sup>4</sup> December to December change. <sup>5</sup> No December figure published by the United Kingdom due to labor strife. December unemployment figure estimated by ERS as mid-point between November 1974-January 1975 figure. <sup>6</sup> Data collected first week in each quarter, in this particular case, the second quarter of 1975. Change during last month is one-third of change from first to second quarter. Change in 1974 is for fourth quarter 1973 to fourth quarter 1974. n.a. not available.

Prices of principal U.S. agricultural trade products	1974				1975							
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<b>Export commodities</b>												
Wheat, f.o.b. Gulf ports (\$/bushel)	4.64	5.23	5.10	5.06	4.42	4.21	3.96	3.92	3.57	3.47	3.98	4.37
Corn, f.o.b. Gulf ports (\$/bushel)	3.59	3.85	3.66	3.78	3.31	3.18	3.13	3.10	2.94	3.07	3.22	3.46
Grain sorghum, f.o.b. Gulf ports (\$/bushel)	5.84	6.77	6.63	6.58	5.94	5.33	5.17	5.25	5.03	4.53	4.87	5.71
Soybeans, f.o.b. Gulf ports (\$/bushel)	7.85	8.56	7.74	7.59	6.70	5.94	5.89	6.06	5.50	5.46	5.90	6.33
Soybean oil, Decatur (cents/lb.)	40.70	42.30	40.40	38.00	33.60	29.40	29.10	28.20	23.60	23.30	27.50	28.50
Soybean meal, Decatur (\$/ton)	138.10	168.20	141.00	143.40	129.20	117.25	117.75	122.00	118.50	120.90	124.00	135.76
Cotton, 10 market average spot (cents/lb.)	47.65	44.59	39.96	36.91	36.10	36.44	37.81	40.43	41.73	42.77	45.57	48.40
Tobacco, avg. price of auction (cents/lb.)	107.20	103.80	103.50	106.50	103.70	106.00	106.30	106.30	106.10	106.00	95.80	99.40
Rice, f.o.b. mill, Houston (\$/cwt.)	21.00	20.90	22.40	21.75	22.50	22.40	22.25	22.25	22.25	22.25	22.25	21.40
Inedible tallow, Chicago (cents/lb.)	12.06	13.30	13.59	9.83	10.28	10.44	9.97	11.22	12.29	12.56	12.05	13.12
<b>Import commodities</b>												
Coffee, N.Y. spot (cents/lb.)	62.90	64.53	65.49	69.90	70.50	69.80	69.95	69.00	70.61	73.43	69.00	93.50
Sugar, N.Y. spot (cents/lb.)	33.71	38.83	57.30	45.74	40.15	36.07	28.52	26.07	19.27	15.96	19.89	21.11
Cow meat, f.o.b. port of entry (cents/lb.)	63.37	62.83	60.02	57.33	51.96	52.02	51.85	58.10	62.12	60.45	61.08	58.88
Rubber, N.Y. spot (cents/lb.)	31.8	31.2	27.0	30.6	28.9	30.0	29.30	29.00	29.50	29.50	31.00	21.10
Cocoa beans, N.Y. spot (cents/lb.)	106.4	115.1	104.2	85.4	86.1	87.2	81.50	72.90	61.20	63.60	74.50	78.30
Bananas, f.o.b. port of entry (\$/40 lb. box)	4.06	3.50	3.08	3.17	3.75	4.37	4.77	5.05	n.a.	5.15	4.28	3.68
Canned Danish hams, ex-warehouse N.Y. (\$/lb.)	1.30	1.44	1.53	1.50	1.49	1.54	1.58	1.62	1.63	1.75	1.85	1.85
<b>Quantity Indices</b>												
Export (1967=100)	114	137	176	160	190	155	151	149	129	125	137	n.a.
Import (1967=100)	99	110	127	118	122	129	143	126	124	114	126	n.a.
<b>Unit Value Indices</b>												
Export (1967=100)	225	233	251	248	250	240	233	222	219	210	n.a.	n.a.
Import (1967=100)	216	227	231	240	263	236	234	226	220	209	n.a.	n.a.
n.a. not available.												

U.S. agricultural exports by selected commodities	Fiscal year				July			
	Quantity		Value		Quantity		Value	
	1973/74	1974/75 <sup>1</sup>	1973/74	1974/75 <sup>1</sup>	1974	1975 <sup>1</sup>	1974	1975 <sup>1</sup>
	Thousands	Thousands	1,000 dollars	1,000 dollars	Thousands	Thousands	1,000 dollars	1,000 dollars
Animals, live, ex. poultry	---	---	207,383	127,513	---	---	6,430	8,781
Meat and preparations, ex. poultry (lb.)	507,453	612,486	316,558	341,742	49,604	52,170	24,310	38,677
Dairy products, excluding eggs	---	---	65,344	140,650	---	---	5,396	12,655
Poultry and poultry products	---	---	142,792	135,013	---	---	13,388	14,270
Grains and preparations	---	---	10,332,227	10,941,930	---	---	816,248	806,875
Wheat and wheat flour (bu.)	1,140,791	1,029,343	4,694,238	4,944,682	84,870	102,625	360,631	431,396
Rice, milled (lb.)	3,493,133	5,059,180	752,282	1,002,185	305,465	247,694	71,135	45,369
Feed grains (mt.)	43,735	34,327	4,642,862	4,762,226	3,078	2,539	362,995	312,799
Other	---	---	242,845	232,837	---	---	21,487	17,311
Fruits, nuts, and preparations	---	---	747,131	804,906	---	---	56,656	69,909
Vegetables and preparations	---	---	407,099	549,324	---	---	36,911	34,586
Sugar and preparations, including honey (lb.)	360,932	503,484	51,036	108,297	30,037	117,342	4,140	22,396
Coffee, tea, cocoa, spices, etc. (lb.)	80,576	71,258	69,215	70,497	5,492	6,628	5,059	7,617
Feeds and fodders	---	---	1,414,596	1,020,266	---	---	85,831	68,795
Protein meal (s. ton)	5,493	4,699	1,134,948	731,994	451	279	60,906	43,743
Beverages, ex. distilled alcoholic bev. (gal.)	4,776	5,204	8,500	10,528	657	768	976	1,279
Tobacco, unmanufactured (lb.)	690,925	638,404	814,029	910,088	49,254	24,165	57,289	35,159
Hides, skins, and furskins	---	---	460,481	411,389	---	---	32,784	25,425
Oilseeds	---	---	3,516,967	3,202,947	---	---	184,405	200,743
Soybeans (bu.)	516,127	404,514	3,253,579	2,951,232	27,113	31,036	171,432	185,910
Wool, unmanufactured (gib.)	13,401	14,519	18,302	18,329	819	1,761	1,162	2,059
Cotton, unmanufactured (rble.)	6,088	4,037	1,311,083	1,027,997	448	374	113,864	91,476
Fats, oils, and greases (lb.)	2,604,730	2,662,805	505,705	486,834	260,099	120,738	56,261	21,078
Vegetable oils and waxes (lb.)	2,314,107	2,539,198	564,442	908,578	345,571	154,438	106,843	46,904
Rubber and allied gums (lb.)	43,227	39,206	15,844	21,164	2,842	2,892	1,459	1,598
Other	---	---	323,916	343,615	---	---	22,123	22,057
<b>Total</b>	---	---	<b>21,292,650</b>	<b>21,581,607</b>	---	---	<b>1,631,535</b>	<b>1,532,339</b>

<sup>1</sup>Preliminary.

U.S. agricultural imports by selected commodities	Fiscal year				July			
	Quantity		Value		Quantity		Value	
	1973/74	1974/75 <sup>1</sup>	1973/74	1974/75 <sup>1</sup>	1974	1975 <sup>1</sup>	1974	1975 <sup>1</sup>
	Thousands	Thousands	1,000 dollars	1,000 dollars	Thousands	Thousands	1,000 dollars	1,000 dollars
Animals, live ex. poultry	---	---	219,336	95,807	---	---	14,910	6,484
Meat & preparations, ex. poultry (lb.)	1,938,503	1,591,797	1,784,479	1,052,807	101,506	147,737	81,205	99,696
Beef and veal (lb.)	1,478,078	1,215,548	1,257,521	656,169	72,258	113,576	52,442	56,368
Pork (lb.)	392,245	334,341	467,836	360,394	25,453	28,486	25,076	39,377
Dairy products, excluding eggs	---	---	455,486	208,540	---	---	20,772	16,453
Poultry and poultry products	---	---	29,373	23,389	---	---	2,620	2,344
Grains and preparations	---	---	134,425	178,616	---	---	21,078	13,846
Wheat and wheat flour (bu.)	2,520	835	11,955	4,850	462	25	2,235	181
Rice (lb.)	14,455	2,429	2,131	754	247	75	64	34
Feed grains (mt.)	209	417	29,646	74,253	66	23	11,120	3,854
Other	---	---	90,693	98,759	---	---	7,659	9,777
Fruits, nuts, and preparations	---	---	593,133	590,169	---	---	53,368	59,030
Bananas (lb.)	4,397,628	4,075,643	197,571	200,796	326,249	409,353	15,871	22,520
Vegetables and preparations	---	---	398,910	376,394	---	---	24,653	25,120
Sugar and preparations, including honey	---	---	1,396,163	2,763,099	---	---	249,651	191,800
Sugar, cane or beet (s. ton)	5,501	4,525	1,217,095	2,554,203	600	405	233,125	174,870
Coffee, tea, cocoa, spices, etc. (lb.)	4,133,408	3,199,657	2,409,462	1,950,580	296,559	301,114	189,792	167,708
Coffee, green (lb.)	2,906,898	2,184,155	1,691,387	1,224,686	198,287	215,047	120,694	116,044
Cocoa beans (lb.)	510,420	401,523	288,845	281,847	28,618	37,151	20,127	19,684
Feeds and fodders	---	---	53,520	47,236	---	---	4,335	4,562
Protein meal (s. ton)	23	6	2,227	725	1	0	140	0
Beverages, ex. distilled alcoholic bev. (gal.)	91,475	97,280	337,599	326,082	9,724	9,312	29,749	30,944
Tobacco, unmanufactured (lb.)	302,579	331,763	189,605	226,491	24,824	27,133	15,543	21,152
Hides, skins, and furskins	---	---	155,319	141,065	---	---	9,588	12,779
Oilseeds	---	---	83,961	54,064	---	---	3,899	4,529
Soybeans (lb.)	56	90	14	16	0	0	0	0
Wool, unmanufactured (gib.)	49,366	31,930	59,651	32,348	3,304	3,237	3,749	2,979
Cotton, unmanufactured (rble.)	84	65	18,264	13,825	6	3	1,469	366
Fats, oils and greases (lb.)	28,316	34,856	6,916	10,927	2,629	2,389	790	906
Vegetable oils and waxes (lb.)	1,252,513	1,686,636	335,271	599,175	147,132	198,111	67,877	43,279
Rubber and allied gums (lb.)	1,512,670	1,457,913	488,459	400,333	165,818	120,154	57,905	27,966
Other	---	---	399,263	487,487	---	---	45,329	30,112
<b>Total</b>	---	---	<b>9,548,595</b>	<b>9,578,434</b>	---	---	<b>898,282</b>	<b>762,055</b>

<sup>1</sup>Preliminary.



Export quantities and values	1973/74	1974/75 <sup>1</sup>	July 1974	July 1975 <sup>1</sup>
	1,000 metric tons			
Animal products:				
Fats, oils, and greases	1,182	1,208	118	55
Meats and meat products	230	278	23	24
Poultry meats, fresh or frozen	81	79	8	8
Grains:				
Wheat and products	31,258	28,303	2,324	2,828
Feed grains and products	44,156	34,672	3,120	2,566
Rice	1,584	2,295	139	112
Oilseeds and products:				
Soybeans	14,047	11,009	738	845
Protein meal	4,983	4,263	409	253
Vegetable oils and waxes	1,050	1,152	157	70
Other:				
Fruits and preparations <sup>2</sup>	1,367	1,511	138	147
Vegetables and preparations <sup>3</sup>	1,020	1,194	126	96
Tobacco	313	290	22	11
Cotton	1,241	830	93	77
Feeds and fodders <sup>4</sup>	1,377	1,337	193	115
Total	103,889	88,421	7,608	7,207
	\$ mil.			
Animal products:				
Fats, oils, and greases	506	487	56	21
Meats and meat products	317	342	24	39
Poultry meats, fresh or frozen	82	73	8	8
Grains:				
Wheat and products	4,738	5,001	364	437
Feed grains and products	4,686	4,813	368	317
Rice	752	1,002	71	45
Oilseeds and products:				
Soybeans	3,254	2,951	171	186
Protein meal	1,135	732	61	44
Vegetable oils and waxes	564	909	107	47
Other:				
Fruits and preparations <sup>2</sup>	488	546	44	53
Vegetables and preparations <sup>3</sup>	278	395	26	22
Tobacco	814	910	57	35
Cotton	1,294	1,017	113	91
Feeds and fodders <sup>4</sup>	179	173	14	16
Other agricultural products	2,206	2,231	148	171
Total	21,293	21,582	1,632	1,532

<sup>1</sup> Preliminary. <sup>2</sup> Includes fresh fruits, canned fruits, and dried fruits. <sup>3</sup> Includes fresh vegetables, canned vegetables, and pulses. <sup>4</sup> Includes prepared animal feeds, corn byproducts, and alfalfa meal and cubes.

U.S. agricultural exports by regions <sup>1</sup>	Fiscal year		July 1974	July 1975 <sup>2</sup>	Change	
	1973/74	1974/75 <sup>2</sup>			Fiscal year	July 1975
	Million dollars				Percent	
Western Europe	6,743	6,945	463	426	+3	-8
Enlarged European Community	5,310	5,322	381	366	-	-4
Other Western Europe	1,433	1,623	83	60	+13	-28
Eastern Europe and USSR <sup>3</sup>	1,195	983	57	90	-18	+58
USSR	509	396	15	58	-22	+287
Eastern Europe	686	587	41	32	-14	-22
Asia	7,889	8,238	696	597	+4	-14
West Asia	786	1,583	86	93	+101	+8
South Asia	663	1,229	146	118	+85	-19
Southeast Asia, excluding Japan and PRC	2,250	1,912	167	148	-15	-11
Japan	3,353	3,185	213	238	-5	+12
People's Republic of China	838	328	84		-61	
Latin America	2,407	2,404	175	170	-1	-3
Canada, excluding transshipments	1,195	1,310	98	116	+10	+18
Canadian transshipments	751	448	50	28	-40	-44
Africa	985	1,129	84	100	+15	+19
North Africa	584	735	53	68	+26	+28
Other Africa	400	394	31	32	-1	+3
Oceania	128	125	10	6	-2	-40
Total <sup>4</sup>	21,293	21,582	1,632	1,532	+1	-6

<sup>1</sup> Not adjusted for transshipments. <sup>2</sup> Preliminary. <sup>3</sup> Includes Yugoslavia. <sup>4</sup> Totals may not add due to rounding.

Trade balance	Fiscal year		July	
	1973/74	1974/75 <sup>1</sup>	1974	1975 <sup>1</sup>
	\$ mil.			
Agricultural exports	21,293	21,582	1,632	1,532
Nonagricultural exports	63,631	81,305	6,023	6,704
Total exports	84,924	102,887	7,655	8,236
Agricultural imports	9,549	9,578	898	762
Nonagricultural imports	72,954	91,515	8,108	7,214
Total imports	82,503	101,093	9,006	7,976
Agricultural trade balance	11,744	12,004	734	770
Nonagricultural trade balance	-9,323	-10,210	-2,085	-510
Total trade balance	2,421	1,794	-1,351	260
<sup>1</sup> Preliminary.				



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